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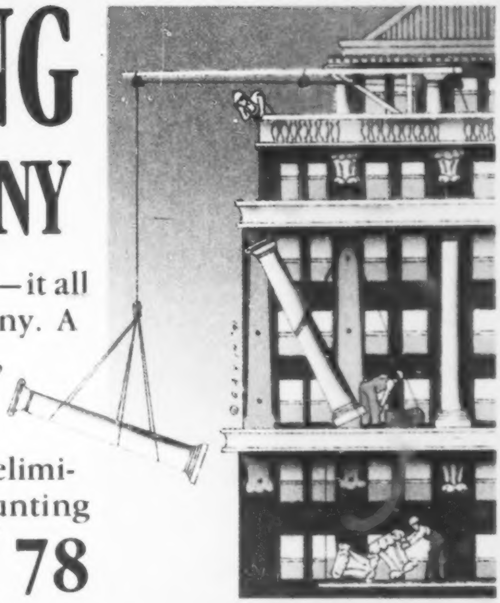
MAY 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

RESTRUCTURING
YOUR MAGAZINE COMPANY

Call it streamlining, downsizing or rightsizing—it all adds up to shrinking the size of the company. A new magazine publishing reality is upon us, and as magazine execs look at what lies ahead, they are searching for efficiency everywhere. In the process, jobs are being eliminated, and those who are left face mounting workloads and longer hours. Find out if you're about to be axed, or worked to death. **78**



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EXPRESS
SPECIAL HANDLING

Vision of the future

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BONUS

Who's making what

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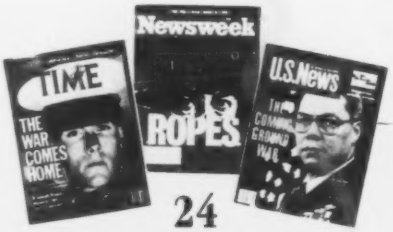

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Newsweeklies reveal *their* wartime strategies

On icons, a 'weird war' and how the newsmagazines fought for newsstand sales

by Tony Silber

New York City—It was mid-January, the week after the shooting started in the Persian Gulf, and on newsstands across America the newsweeklies were embattled in a brawl of another kind.

Time was a timepiece. Its January 28 cover had a photo of the Baghdad sky lit up with tracer fire, as it was at 2:44 AM on January 17. *Newsweek* featured an American pilot, thumbs up, his face a mix of determination and anxiety. *U.S. News & World Report* had a white-hot cruise missile flashing off a ship into the murky blue night.

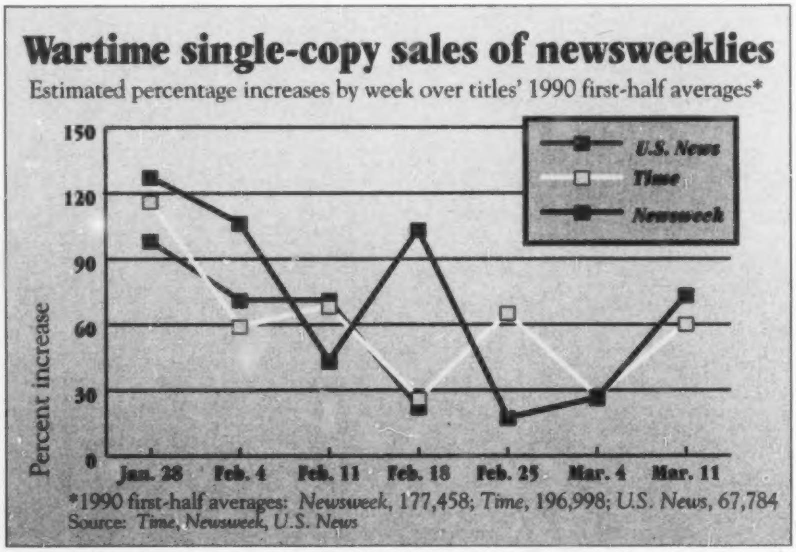
Through their cover stories, the newsweeklies try to summarize the singular event that has fixed the nation's attention. For seven weeks, the compelling story was the war in the Gulf. And for seven weeks, the three magazines were locked in a battle on the newsstands. Knowing ahead of time what the others' story would be didn't make it any easier to outdo their competitors.

Rarely do these combatants have an opportunity to compete as directly with each other as they did during this period. Military restrictions on news and a small theater of operations put all three magazines on a level playing field. The winner would be determined by editorial ingenuity, perspicacity and blind luck.

How were cover subjects chosen? "You find that your cover image decisions are made on small but important criteria," such as how well the image fits on the cover, says *Newsweek* foreign editor Peter McGrath. "You try to figure out where the story is going to be four or five days from the day you have to make a decision. The other thing we think about is the mood of the readers: Do they feel upbeat or downbeat about a given news development?" The cover must reflect the anticipated attitude of the reader.

Adds *Time* executive editor Richard Duncan: "You're driven by the news. It's a case where you're not walking along through the events looking where to go, you're riding the horse, you're riding the news. You go where the news takes you."

"You're always thinking about the competition to some extent, but more than that, you're thinking about your audience. What can I bring to my audience that is different from this blitz of coverage?" says *U.S. News* co-editor Michael Ruby.



Wartime single-copy sales of newsweeklies

Estimated percentage increases by week over titles' 1990 first-half averages*

*1990 first-half averages: *Newsweek*, 177,458; *Time*, 196,998; *U.S. News*, 67,784

Source: *Time, Newsweek, U.S. News*

JULIE MCWILLIAMS

***All the newsweeklies surpassed** their 1990 single-copy sales averages during the seven hottest weeks of the war. Some Figures for* U.S. News *were unavailable.*

Here's a look at how the newsweeklies made some difficult cover decisions during the war.

- **January 28**: This was the first cover date after the war started. Newsstand sales shot up, giving the three titles their biggest windfall of the war. *Time* sold about 425,000 copies, a 115 percent hike over its first-half 1990 average of about 197,000, says *Time* general manager Ellen Fairbanks.

Newsweek sold about 402,829 copies of its January 28 issue, a 127 percent hike over the first-half 1990 average of 177,458, says Michael Grissom, *Newsweek*'s circulation marketing development manager.

U.S. News & World Report sold about 134,100 copies the same week, says spokesman Matt Tucker. That's a 98 percent increase over last year's average of 67,784.

Newsweek thought its January 28 cover crystallized the nation's feelings. "It came down to which photo conveyed the feeling of the event," McGrath says. "Ours conveyed the sense that the opening phase of the war had gone well from a military point of view."

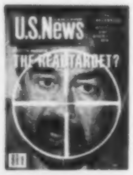
U.S. News went with the cruise missile photo because, "We just all thought that that was a very effective image," explains Ruby. But why such a small photo? "It basically is a horizontal photo," he says. "It would have had some unfortunate cropping to turn it into a vertical."

Time had the Baghdad sky with the clock. "It gives a sense of history to include that time," Duncan declares. "I think the same is true of our victory cover [March 11]. These are cases where the occasion and the image sort of speak for themselves and you want to back off and let that happen. You don't plaster type all over the moment."

- **February 4**: *Newsweek* was a big winner here. It went with the television image of Navy flyer Jeffrey Zaun, shot down and paraded on Iraqi television, his face lacerated and

'Cover'ing the War

How the newsweeklies' war issues fared at the newsstands.*

JAN. 28th	 116%	 127%	 98%
FEB. 4th	 59%	 106%	 71%
FEB. 11th	 68%	 43%	 71%
FEB. 18th	 26%	 103%	 22%
FEB. 25th	 65%	 17%	 na
MARCH 4th	 27%	 26%	 na
MARCH 11th	 60%	 73%	 na

**Percentage increases based on individual magazine's 1990 first-half averages:* Time, *196,998;* Newsweek, *177,458;* U.S. News, *67,785.*

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bruised. "The thinking there was that it was an image with a certain iconic value," McGrath says. "We chose an image that said this may not be a cakewalk after all. And Lt. Zaun was the image that best conveyed that."

Newsweek also had a fold-out Gulf War map in this issue.

U.S. News put General Colin Powell on the cover. Ruby explains: "This was keyed off a Powell press conference where he gave an absolutely virtuoso performance, and where he gave one of the most memorable quotes of the war. [Referring to the Iraqi army, Powell said, 'First we're going to cut it off, and then we're going to kill it.'] We decided to capitalize on that."

- **February 11**: *Time*'s cover featured burned-out armored personnel carriers after the battle of Khafji, with the headline, "Saddam's Weird War." Duncan says this was the toughest week of the war to come up with a cover. McGrath says *Newsweek* deliberately chose not to put Khafji on the cover, because "It would have felt to us like last week's news."

- **February 25**: *Newsweek* had its poorest newsstand performance of the war, and acknowledges that "Saddam on the Ropes" didn't work. "The theme is about what you would expect for the war at that stage," says McGrath. "Was it the story line that didn't quite snap, or was it the cover image? I don't know."

- **March 4**: The ground war started, and *U.S. News* had a bad week, missing the opening of the campaign. The magazine extended its deadline 20 hours, from 10 PM Friday to 6 PM Saturday, but the ground war started two hours later. "There was nothing we could do about it. Nothing," Ruby says. "The cover image itself, I make no bones about it, it was a finesse."

"You're not walking along through the events looking for where to go. You're riding the news, and you go where the news takes you."

- **March 11**: The war ends with an allied force victory. *Time* had a classic—American soldiers celebrating in Kuwait City, holding an American flag high. *Newsweek* had Schwarzkopf, smiling broadly.

U.S. News had an American tank crashing through the sand, with the headline, "Knockout." "It seemed to us the appropriate image," Ruby says. "This was, after all, a ground war."

The newsweeklies were often constrained in their decision-making by military censors and photo pool arrangements. Says *Newsweek*'s McGrath, "There wasn't much available. It's a question of playing the hand you were dealt."

For all the attention to newsstand sales, the newsweeklies are subscription-based magazines, with single-copy sales amounting to only a small fraction of their total circulations. So some are quick to downplay the significance of the surge in single-copy sales. "They went up, but not enough to matter," says Ron Scott, a consultant specializing in newsstand strategies.

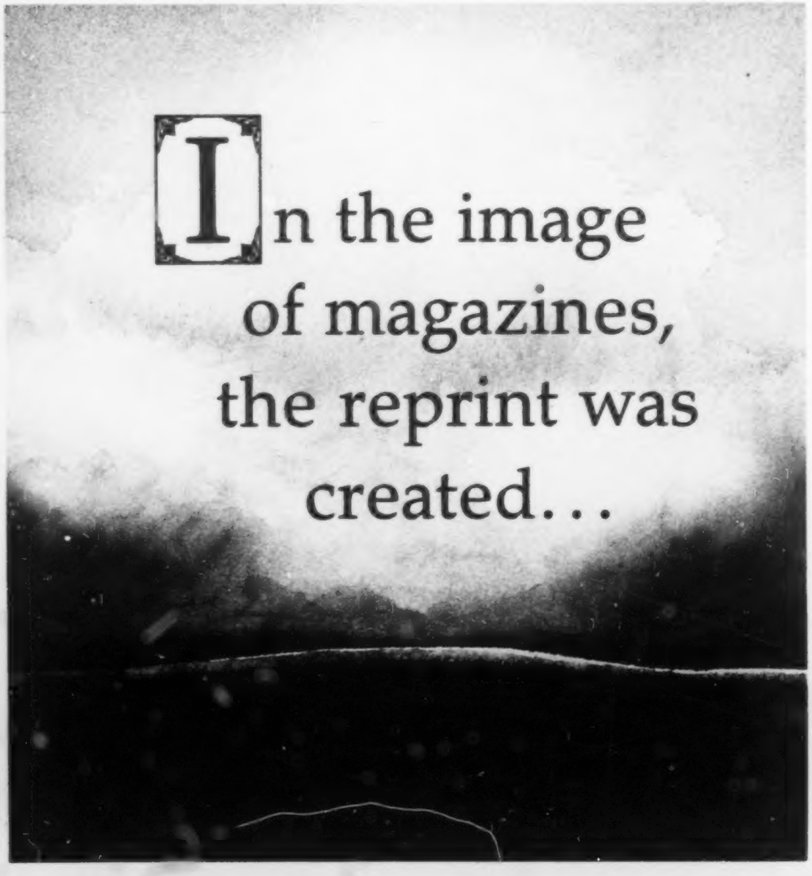
Executives at the magazines disagree. "A 100 percent increase in anything is significant," counters *Newsweek* publisher Peter Eldredge.

Adds Fairbanks: "It certainly is indicative of something. Newsstand is the place where a lot of people who haven't been reading the newsmagazines regularly go to get them."

Time and *U.S. News* moved the war off their covers with the March 25 issue. "The war's over," says Duncan. "And when the war is over, you don't try to milk it and extend coverage—you just go on and cover the news of the week."

Newsweek, however, decided the story wasn't over and put the revolt against Saddam Hussein on its cover the next week.

Differing viewpoints notwithstanding, all three newsweeklies are repackaging their editorial. Time Warner is producing a $39.95 CD-ROM disc on the war based on *Time*'s reporting, and a 300-page book. *U.S. News* is planning a book with Random House. And *Newsweek* has produced $3.95 newsstand commemorative issue. □


In the image of magazines, the reprint was created...

Intellectual books getting a second thought

by Terence Poltrack

NEW YORK CITY—After years of making eloquent appeals that whizzed over the heads of many media planners, but attracted a small, exclusive readership, opinion-leader magazines are finally being taken seriously by the ad industry. The category—with titles ranging from *The Atlantic* to *World Press Review*—is getting a smattering of attention these days because of its tony demographics, and because advertisers are looking for a better and cheaper way to the hearts and minds of intellectual America.

While the popularity has some publishers feeling almost giddy, it has made others a bit uncomfortable. Popularity is not a feeling with which most of these publishers are familiar. Large circulations are *so* bourgeois. "We would not necessarily be a more important magazine if we had double the number of subscribers," scoffs Jeffrey Dearth, president of *The New Republic*. "If they came naturally, and we didn't have to maintain them by spending fortunes, then fine. But numbers alone do not make a magazine important."

He's right. But they sure get the attention of advertisers. And whether these publishers like it or not, people are talking about them. In an otherwise moribund marketplace, the category quietly boasts a steady gain in circulation and ad-page performance. Moreover, market analysts are talking about an aging America that is the best-educated in history and a rich pool for future readership growth. Issues from picking up the pieces after the Gulf War to school zoning remind these new grown-ups—media people among them—that gossip and glitz aren't as attractive as they used to be to this age group. Baby boomers now prefer substance to style, or so they're being told.

Cash-strapped advertisers are taking a second look at some opinion-leader titles, but the category still depends on circulation for its bread and butter.

The result has been that big advertisers are taking a second look at some titles that up to now weren't even on their list. Volvo, Quantas Airlines, Phillips Petroleum, BASF Industrial Chemicals and Rockwell International, among others, have bought schedules through the Leadership Network, a group buy that offers any or all of *National Review*, *New Republic*, *Across the Board*,

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Revitalized ad network

The Leadership Network had always boasted an erudite, involved readership, but only recently started getting serious attention from major advertisers. Network founder and *National Review* ad director Robert Sennott Jr. claims revenues from national advertisers are up 24 percent for the first quarter of 1991.

Most creative (some say aggressive) in pursuing the advertisers' attention has been Ira Ellenthal, president and publisher of *The Atlantic.* "Knowledge is in," he proclaims. Over the past two years, *The Atlantic* has got new business from several sources. Chrysler bought into an eight-page arts and entertainment insert and Oleg Cassini ran ads that accompanied a column in the magazine on "The packaging of a fragrance." The Cassini ads in particular, more typically seen in magazines

The limits of thought

The thought leaders have a long way to go to catch up with the circulation numbers bandied about by mass media books. But their growth is impressive, and some advertisers are starting to wonder if bigger is always better.

TITLE	TOTAL CIRCULATIONS, SIX MONTHS ENDING:				
	12/31/81	12/31/85	12/31/89	12/31/90	'89/'90 % chg.
Time	4,337,988	4,603,307	4,339,029	4,094,935*	-5.6
Newsweek	2,960,073	3,057,081	3,180,011	3,211,958	+1.0
U.S. News & World Report	2,063,366	2,083,882	2,209,996	2,311,534	+4.6
New Yorker	505,107	506,103	622,123	613,747	-1.4
The Atlantic	**360,316**	**465,226**	463,505	471,977	+1.8
Harper's	**332,971**	**152,621****	193,002	205,569	+6.5
National Review	**104,288**	**116,051**	133,168	151,806	+14.0
New Republic	**96,247**	**93,937**	97,869	97,449	-0.4

* Rate base cut from 4.6 million to 4.3 million in 1989, and to 4.0 million in 1990, reportedly to eliminate inefficient readers

** Rate base cut radically to 120,000 in 1982 as part of a new business plan

Source: Audit Bureau of Circulations Fas-Fax

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that cater to the horsey set than among the tweedy thought leaders, demonstrate that some creative selling has been going on. *The Atlantic* saw a 25 percent gain in revenues last year. Ellenthal has taken some heat from his competitors in the category for being too opportunistic, but in reality he's helped put the categories on the map.

"They're competitive," says Young & Rubicam's vice president and associate media director for print, Frank Smith. "Magazines that don't try to be flexible and competitive in this marketplace are going to get screwed. That's the bottom line."

But others in this category are less willing to compromise their editorial. Chief among their concerns is the personal relationship that the titles enjoy with their readers. When *National Review* publisher Wick Allison moved to affluent Larchmont, New York, he culled the names and addresses of *NR* subscribers in the suburb—all 67 of them. Then he invited them over for cocktails.

> **"The idea of raiding *SciAm* or *Money* three or four years ago would have been absurd."**

These relationships are at the heart of the magazines' attractive demographics and remarkable renewal rates. *Harper's* boasts a subsequent renewal rate (readers who've renewed at least twice) of 77 percent. Some of the smaller, more targeted titles claim renewal rates in the 90s.

Those numbers are phenomenal when compared to the renewal rates at the newsweeklies; although closely guarded, they are estimated to hover around 50 percent. Indeed, circulation revenue accounts for the bulk of *National Review*'s income, with only 9 percent coming from advertising.

Says *New Republic*'s Dearth, "Advertising is the area where our margins come into play; circulation has been paying the freight for the past 76 years."

That's a position many publishers would covet, especially in an ad climate such as today's. But even the leadership books have to find and keep readers, and the economics of doing so are as unattractive to them as they are to every other publisher. For titles that usually don't get very creative, an arrangement between *National Review* and CNN turned out to be a winner for both. Allison made a per-inquiry deal with CNN in which the magazine agreed to run ads in August and January, usually the cable network's leanest ad months. He was in luck, because in August Saddam Hussein marched into Kuwait, and in January the Allied forces began pushing him out. All eyes were glued to CNN, and inquiries to *National Review* exploded. Edward A. Capano, associate publisher, says more than 5,000 new sub orders came in during a two-week period via CNN during the crucial early stages of war coverage. That's "three to five times greater than what's to be expected," and he is delighted by a 52 percent

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pay-up rate from credit card orders and 60 percent pay-up from bill-me orders. Over 800 orders were generated in one night, following an ad that ran close to a popular "Larry King Live" segment.

At the same time, *New Republic* has tested spot ads on broadcast affiliates and independents in Washington, San Francisco, Boston, New York and New Haven/Hartford.

These magazines usually target book readers, rather than TV watchers, for their subscription pitches. Lately, though, says John R. MacArthur, president and publisher of *Harper's*, subscribers to business magazines have been responding well, too.

MacArthur is poised to take advantage of the new atmosphere. He recently added some high-powered ad sales talent from *Scientific American* and *Money*. He's clearly thrilled about it, too. "The idea of raiding *SciAm* or *Money* three of four years ago would have been absurd."

But he is a firm believer in "small is beautiful" and that pushing his subscriber base beyond its natural limits would be a mistake. Indeed, growth for growth's sake has come back to haunt several of these titles in the past. *World Press Review*, for example, reached a circulation of about 180,000 in the late seventies, but the cost of maintaining that level became life-threatening. Sub prices were upped and direct mail was streamlined to force the numbers down and improve the quality of the list, says publisher Teri Schure, who came from *Newsweek*'s circulation department. *Harper's*, too, faced some hard financial realities in the early eighties and opted to cut its circulation to 120,000 from almost three times that level. *Harper's* has seen a 9 percent jump in ad pages so far this year. Even *Time* has taken a cue from this less-is-more approach, reducing its rate base twice in the past two years.

Renewal rates are phenomenal when compared with the newsweeklies.

While one might not describe the opinion leader books as hot, they're certainly warm. There are no numbers to show that they've taken readers, or advertisers, away from the newsweeklies. But any area of growth in this market is worthy of note. It's also worth noting that attitudinally, these books are a world apart from most consumer titles, and that keeping their readers involved has kept them afloat all these years. "These magazines came into being to make a point, not a profit," adds Sennott of the Leadership Network. "But there is increased recognition that we operate in a commercial universe. Will we ever be able to put our resources on the table and go head-to-head with Time Warner? No. Are we spending more than we spent before in terms of sales tools, promotion, research? Yes." The real question is, will it pay off? That's still a matter of opinion. ☐

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FOLIO:'S 1991 PRODUCTION SALARY SURVEY

BY ROBERT M. STEED

The promise of production technology is a double-edged sword for today's production professionals: To benefit from it, they first have to sell its value (and cost) to management, learn how to use it (or train others to do so), and then apply it to the ever shifting demands of today's publications.

Once over those hurdles, however, many production people find themselves on the cutting edge of magazine production, able to deal far more effectively with their main challenge: keeping costs low.

How this translates into compensation levels for them is becoming ever more clear, and some strong hints are seen in this, Folio:'s seventh annual survey of production salaries. Traditional factors, such as size of magazine, number of employees supervised or number of magazines, correlate much less than before to compensation. This is particularly true among production managers and at smaller publications. Is this an indication that production professionals are increasingly being paid on the basis of what they contribute in terms of technological innovation, cost control and the tough task of getting a high-quality product to the consumer on time and on budget?

The figures do hint that, in determining pay levels, publishers are beginning to focus less on how big the magazine is or how long the manager has been around, and more on the basis of the contribution he or she is making to the bottom line. If true, this is a big step in the right direction of recognizing the positive impact that creative production professionals can have on the quality and profitability of their magazines.

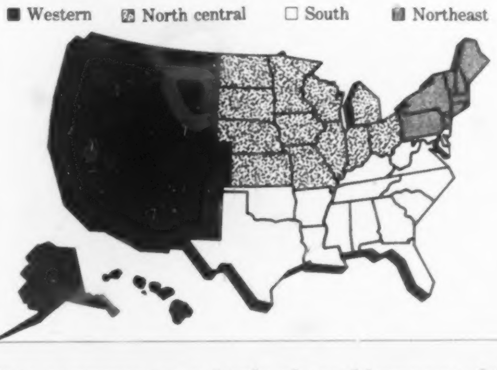
Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm.

Methodology: Three hundred and thirty-three of the 887 circulation professionals who received questionnaires responded to Folio:'s seventh annual production salary survey, resulting in an overall response rate of 37.5 percent. Of the total responses, 316 (35.6 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in December 1990. Participants were asked to supply data reflecting projected 1991 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation.

About 58 percent of the mailing was sent to production directors and 42 percent to production managers. The response rate among managers was twice as high as that among directors (48 percent versus 24 percent). About 52 percent of the sample was drawn from business publications, with the balance from consumer ones. Lastly, about 64 percent of the sample in each category was drawn from magazines with under 100,000 in circulation, while 36 percent came from magazines with over 100,000 circulation.

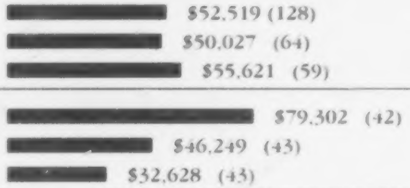
The regions have been divided as follows:



Production director

Production director (may be called VP of production): Negotiates printing, typesetting and engraving contracts; establishes production schedules. Oversees production managers and advises on technical matters; is directly responsible for quality control.

Average salaries (The number of respondents is in parentheses.)



	Average salary	% increase from '90 to '91
All respondents	$52,519 (128)	7.8%
Business	$50,027 (64)	8.1
Consumer	$55,621 (59)	7.7
Top one-third	$79,302 (42)	
Middle one-third	$46,249 (43)	
Bottom one-third	$32,628 (43)	

	Average	Average business	Average consumer
By region:			
Northeast	$64,632 (48)	$57,056 (25)	$74,361 (22)
South	44,963 (27)	45,021 (14)	44,225 (12)
North central	45,722 (25)	48,361 (14)	42,364 (11)
West	45,852 (27)	42,545 (11)	48,000 (13)
By sex:			
Male	$62,505 (65)	$58,130 (33)	$68,083 (30)
Female	42,216 (63)	41,402 (31)	42,729 (29)
By age:			
29 or less	$35,995 (11)	$30,000 (4)	$39,420 (7)
30-39	45,509 (63)	44,320 (33)	47,161 (28)
40-49	56,619 (31)	60,400 (15)	53,080 (15)
50 or more	74,096 (23)	59,433 (12)	98,778 (9)
By years in production:			
Up to 3	$37,773 (11)	$34,929 (7)	$49,000 (3)
4-10	42,871 (45)	37,142 (18)	46,448 (26)
11-20	47,788 (40)	47,325 (20)	48,056 (18)
More than 20	78,731 (29)	68,733 (18)	98,400 (10)
Eligible for bonus:			
Yes	$56,594 (76)	$49,541 (37)	$65,115 (36)
No	46,563 (52)	50,694 (27)	40,761 (23)
Responsible for:			
One magazine	$49,717 (47)	$48,577 (22)	$51,087 (23)
More than one	54,144 (81)	50,787 (42)	58,518 (36)
By employees supervised:			
None	$38,167 (12)	$40,750 (4)	$38,714 (7)
One	39,867 (15)	37,222 (9)	43,833 (6)
2-5	48,172 (63)	47,558 (32)	48,500 (28)
More than 5	69,251 (38)	62,205 (19)	77,202 (18)
By circulation:†			
Up to 19,999	$42,714 (7)	$40,400 (5)	$35,000 (1)
20,000-49,999	38,439 (23)	39,894 (18)	33,200 (5)
50,000-99,999	45,877 (22)	44,153 (15)	49,571 (7)
100,000-499,999	54,664 (43)	66,045 (19)	45,652 (21)
500,000 or more	68,305 (31)	57,083 (6)	70,998 (25)
By frequency:†			
Weekly/biweekly	$57,108 (12)	$57,038 (8)	$57,250 (4)
Monthly	52,503 (77)	45,404 (36)	59,716 (38)
Other	48,357 (36)	49,856 (18)	46,085 (17)
By average total pages produced annually:†			
Up to 499	$43,183 (24)	$42,185 (13)	$44,889 (9)
500-999	35,929 (15)	35,429 (7)	36,368 (8)
1,000-1,499	44,084 (19)	45,178 (9)	43,100 (10)
1,500-2,999	57,932 (37)	50,206 (17)	65,278 (18)
3,000 or more	74,063 (24)	68,950 (14)	81,220 (10)

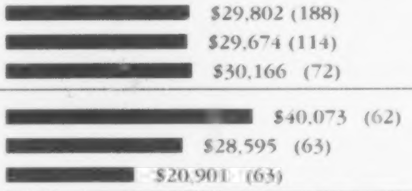
† Refers to the largest circulation magazine on which respondent works.

> **"Finding ways and means to improve profit by reducing manufacturing and distribution expenses is my biggest challenge."**
>
> **—Production director in the Midwest, earning salary and bonus in the low sixties.**

Production manager

Production manager: Directly responsible for daily production operations, including publication paste-up, quality control and maintaining production schedules. Is liaison with printing plant. May traffic advertising and editorial materials.

Average salaries (The number of respondents is in parentheses.)



	Average salary	% increase from '90 to '91
All respondents	$29,802 (188)	7.8%
Business	$29,674 (114)	9.1
Consumer	$30,166 (72)	5.8
Top one-third	$40,073 (62)	
Middle one-third	$28,595 (63)	
Bottom one-third	$20,901 (63)	

	Average	Average business	Average consumer
By region:			
Northeast	$32,219 (74)	$31,132 (47)	$34,113 (27)
South	27,596 (41)	28,357 (21)	27,108 (18)
North central	27,931 (39)	28,270 (31)	26,621 (8)
West	29,417 (33)	29,850 (15)	29,056 (18)
By sex:			
Male	$33,134 (50)	$31,167 (29)	$35,851 (21)
Female	28,595 (138)	29,164 (85)	27,825 (51)
By age:			
29 or less	$26,865 (80)	$25,994 (50)	$28,603 (29)
30-39	31,483 (68)	32,293 (40)	30,413 (27)
40-49	33,306 (23)	36,146 (12)	30,208 (11)
50 or more	32,156 (17)	29,804 (12)	37,800 (5)
By years in production:			
Up to 3	$25,070 (66)	$25,432 (43)	$24,593 (22)
4-10	30,919 (78)	31,489 (42)	30,318 (35)
11-20	33,527 (36)	33,208 (25)	34,252 (11)
More than 20	41,188 (8)	34,125 (4)	48,250 (4)
Eligible for bonus:			
Yes	$29,320 (74)	$28,320 (47)	$31,061 (27)
No	30,115 (114)	30,624 (67)	29,629 (45)
Responsible for:			
One magazine	$30,754 (83)	$31,367 (44)	$30,328 (38)
More than one	29,049 (105)	28,609 (70)	29,985 (34)
By employees supervised:			
None	$27,496 (67)	$27,291 (45)	$27,913 (21)
One	28,632 (39)	29,225 (22)	27,865 (17)
2-5	31,070 (66)	31,556 (41)	30,703 (24)
More than 5	37,075 (16)	36,333 (6)	37,520 (10)
By circulation:†			
Up to 19,999	$28,694 (24)	$29,139 (19)	$27,000 (5)
20,000-49,999	27,208 (59)	26,844 (38)	27,867 (21)
50,000-99,999	28,966 (41)	30,352 (27)	26,777 (13)
100,000-499,999	30,429 (46)	31,445 (26)	29,165 (19)
500,000 or more	41,433 (15)	48,000 (2)	40,423 (13)
By frequency:†			
Weekly/biweekly	$32,634 (28)	$33,413 (20)	$30,688 (8)
Monthly	29,389 (119)	28,137 (81)	32,384 (37)
Other	29,336 (38)	35,850 (10)	26,972 (27)
By average total pages produced annually:†			
Up to 499	$29,751 (47)	$31,440 (25)	$28,215 (20)
500-999	27,040 (46)	26,516 (26)	27,720 (20)
1,000-1,499	29,311 (35)	28,136 (25)	32,247 (10)
1,500-2,999	30,409 (25)	30,075 (15)	30,910 (10)
3,000 or more	36,981 (21)	36,575 (12)	37,522 (9)

† Refers to the largest circulation magazine on which respondent works.

> **"I'm trying to convince our publisher that we are behind the times with our typesetting equipment and need to upgrade to the new technology."**
>
> **—Production manager in the West, with over 15 years' experience, earning salary in the high thirties.**

Average annual bonus/incentive*

	Production director	Production manager
Average bonus/incentive:	$ 6,613 (69)	$1,316 (67)
By magazine type:		
Consumer	$ 8,420 (32)	$1,280 (26)
Business	5,139 (35)	1,339 (41)
By region:		
Northeast	$ 7,994 (25)	$1,370 (25)
South	5,293 (14)	1,352 (15)
North central	6,300 (15)	1,052 (16)
West	5,857 (15)	1,630 (10)
By sex:		
Male	$ 8,829 (38)	$1,320 (21)
Female	3,897 (31)	1,315 (46)
By age:		
29 or less	$ 2,320 (5)	$1,320 (33)
30-39	5,693 (41)	1,210 (20)
40-49	7,908 (13)	1,665 (11)
50 or more	10,850 (10)	708 (3)
By years in production:		
Up to 3	$ 1,929 (7)	$1,169 (29)
4-10	5,848 (25)	1,437 (23)
11-20	6,417 (23)	1,289 (13)
More than 20	10,692 (13)	2,250 (2)
Responsible for:		
One magazine	$ 9,368 (22)	$1,235 (31)
More than one	5,323 (47)	1,387 (36)
By employees supervised:		
None	$ 1,700 (4)	$1,091 (27)
One	2,283 (9)	1,819 (12)
2-5	5,910 (34)	1,322 (25)
More than 5	10,364 (22)	1,283 (3)
By circulation:†		
Up to 19,999	$ 3,750 (2)	$2,590 (5)
20,000-49,999	3,432 (11)	969 (26)
50,000-99,999	5,000 (15)	1,223 (12)
100,000-499,999	6,015 (20)	1,393 (18)
500,000 or more	10,738 (20)	1,810 (5)
By frequency:†		
Weekly/biweekly	$ 9,333 (6)	$1,723 (8)
Monthly	6,141 (43)	1,231 (44)
Other	5,592 (19)	1,192 (13)
By average total pages produced annually:†		
Up to 499	$ 3,942 (13)	$1,454 (22)
500-999	4,856 (8)	1,216 (14)
1,000-1,499	3,642 (12)	1,294 (13)
1,500-2,999	6,395 (19)	1,536 (7)
3,000 or more	14,077 (13)	1,256 (5)

* Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

† Refers to the largest circulation magazine on which respondent works.

Average annual total compensation*

	Production director	Production manager
Received bonus:		
Yes	$ 63,366 (69)	$30,812 (67)
No	46,563 (52)	30,115 (114)
By magazine type:		
Consumer	$ 73,918 (32)	$32,767 (26)
Business	54,739 (35)	29,572 (41)
By region:		
Northeast	$ 82,408 (25)	$30,392 (25)
South	46,507 (14)	29,294 (15)
North central	58,007 (15)	30,615 (16)
West	52,723 (15)	34,780 (10)
By sex:		
Male	$ 77,092 (38)	$35,718 (21)
Female	46,540 (31)	28,572 (46)
By age:		
29 or less	$ 43,108 (5)	$27,977 (33)
30-39	52,268 (41)	34,123 (20)
40-49	75,908 (13)	33,465 (11)
50 or more	102,690 (10)	30,192 (3)
By years in production:		
Up to 3	$ 40,429 (7)	$25,142 (29)
4-10	51,110 (25)	33,207 (23)
11-20	55,265 (23)	37,075 (13)
More than 20	109,646 (13)	44,750 (2)
Responsible for:		
One magazine	$ 61,545 (22)	$31,023 (31)
More than one	64,218 (47)	30,629 (36)
By employees supervised:		
None	$ 31,950 (4)	$28,663 (27)
One	42,950 (9)	33,119 (12)
2-5	55,657 (34)	31,840 (25)
More than 5	89,343 (22)	32,350 (3)
By circulation:†		
Up to 19,999	$ 39,750 (2)	$36,710 (5)
20,000-49,999	43,259 (11)	27,973 (26)
50,000-99,999	47,333 (15)	28,865 (12)
100,000-499,999	62,885 (20)	31,298 (18)
500,000 or more	91,310 (20)	44,510 (5)
By frequency:†		
Weekly/biweekly	$ 70,333 (6)	$33,498 (8)
Monthly	63,829 (43)	30,793 (44)
Other	53,452 (19)	29,749 (13)
By average total pages produced annually:†		
Up to 499	$ 49,281 (13)	$32,604 (22)
500-999	41,474 (8)	30,258 (14)
1,000-1,499	49,692 (12)	29,754 (13)
1,500-2,999	69,684 (19)	29,347 (7)
3,000 or more	98,962 (13)	36,896 (5)

* Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

† Refers to the largest circulation magazine on which respondent works.

GETTING YOUR CIRCULATION GOING

Today, more than ever, magazines are positioning their circulation departments to generate more profits. This special report takes a look at how publishers are squeezing more dollars out of a more efficient, more streamlined operation.

SURVEY

Improving the profitability odds

% of circulators using these strategies

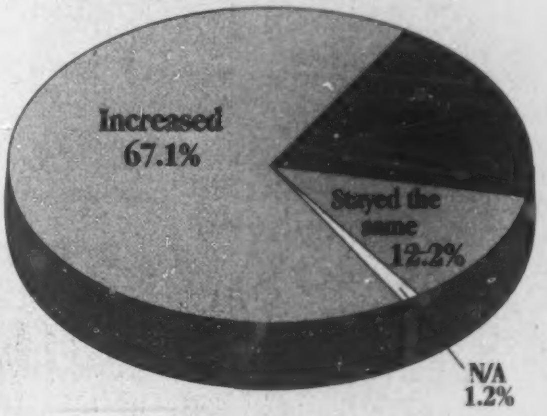
Selling active lists to direct mailers	81.7%
Streamlining through improved technology	76.8%
Reducing/eliminating unprofitable circ sources	76.8%
Increasing subscription price	74.4%
Exchanging active lists with competitors	50.0%
Reducing/eliminating gracing, comp or promo copies	41.5%
Reducing/eliminating subscriber discounts	28.0%
Cutting staff	24.4%

***The computer revolution strikes again**. Three-quarters of our circulators reported using new technology to trim fat from their departments.*

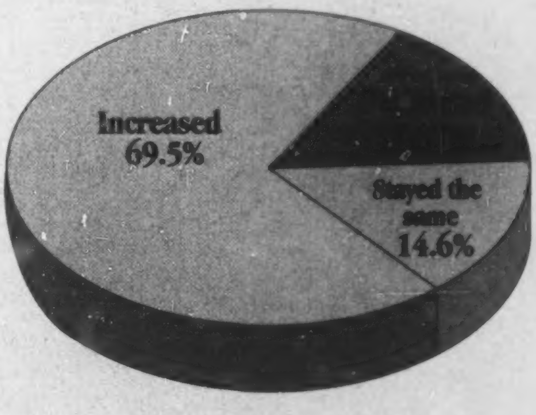
SONO DESIGN

The circulation ledger

Total circulation revenues in 1990:

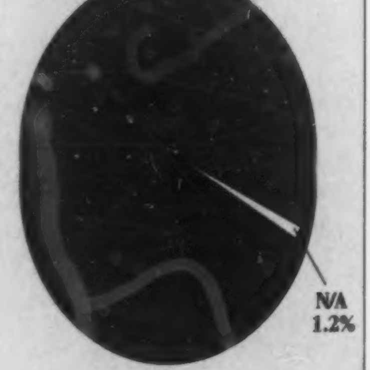


Total circulation expenses in 1990:



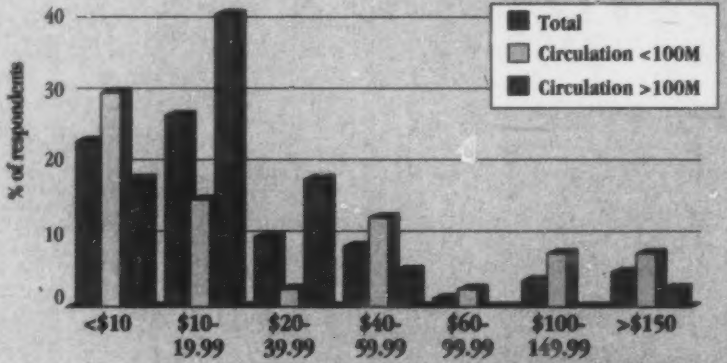
***First the good news.** Fully two-thirds of our respondents reported increases in circulation revenues. The bad news? Two-thirds also indicated increased expenses.*

Have you tested or instituted 'till forbid' automatic billing?



***Still running shy:** Only 13 percent report having experimented with "till forbid." Furthermore, only 12 percent have tried installment billing.*

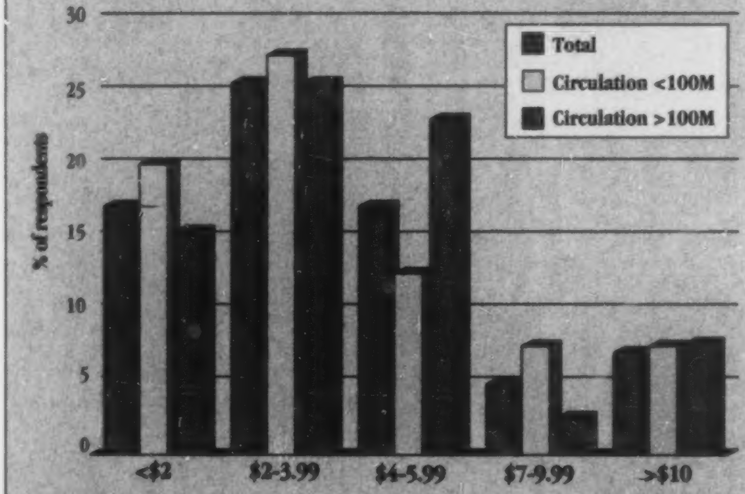
Average cost of acquiring a new subscriber



***Most of the smaller magazines** paid under $10, while most larger titles shelled out between $10 and $20. In addition, over half of all respondents reported that their acquisition costs rose in 1990.*

SURVEY

Average cost of renewing a subscriber



***Following a similar pattern** to subscriber acquisitions, most smaller publications reported lower costs for renewals than their bigger siblings. Additionally, slightly more than a third of all respondents said renewal costs went up in 1990.*

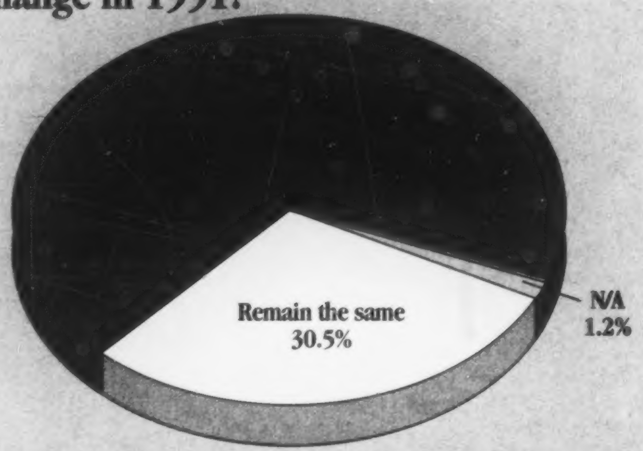
Q. Did you increase the amount spent on your circulation promotion budget in 1990?

A. An average of 64.6 percent of respondents said yes.

Q. What happened to your circulation staff salaries?

A. An average of 68.3% reported paying out more last year.

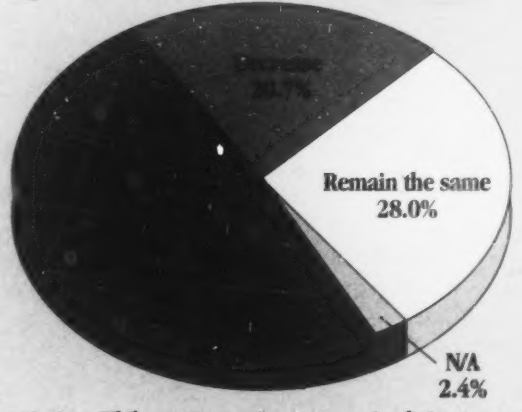
How do you expect total circulation to change in 1991?



Despite what you may have heard *about magazines reducing circulation lists to be more efficient, save money on postage and provide advertisers a more targeted audience, three-fifths of our respondents anticipate a rise in circulation.*

SURVEY

How do you expect circulation profits to change in 1991?



Tempered optimism: *While most respondents expect circulation to go up this year, they're a little less positive that profitability will increase to the same extent.*

Saving on postage

% of circulators exploring these delivery methods

Commingling	**41.5%**
Alternate delivery	**34.1%**
Pool shipping	**32.9%**
Firm bundling	**29.3%**

Methodology: Of the 480 circulation executives who received questionnaires, 85 responded, resulting in an 18% overall response. Of these, 82 contained sufficient information to be tabulated. The survey was conducted in November and December 1990.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

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64, 66, 68-71, 78-81

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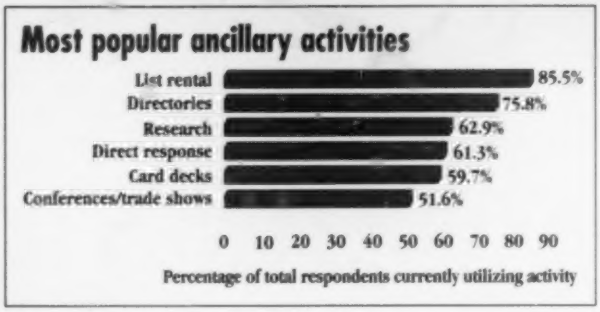
Leveraging Your Franchise . . . page 78

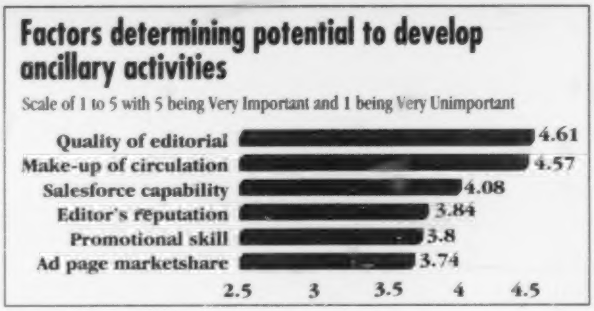
Folio:

JUNE 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

LEVERAGE YOUR FRANCHISE



Most popular ancillary activities



Factors determining potential to develop ancillary activities

Scale of 1 to 5 with 5 being Very Important and 1 being Very Unimportant

Business magazine publishers are expanding their reach—and their bottom lines—by developing non-magazine ventures that range from list rental to video, directories to joint ventures. A FOLIO: study reveals what's happening, pinpoints the criteria for success, assesses who has the advantage, and more. Should you get involved? **78**

10 savviest production executives 73

A poll of 1,000 production pros reveals the 10 men and women who take top honors in the field. Who are they? And how did they get to be the best in production?

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Says one editor, "It amazes me that I get paid to do this job." The question is, how much? **63**

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Overcoming the hurdle of finding good direct response lists overseas will be a challenge for U.S. publishers in 1992.

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June 1, 1991

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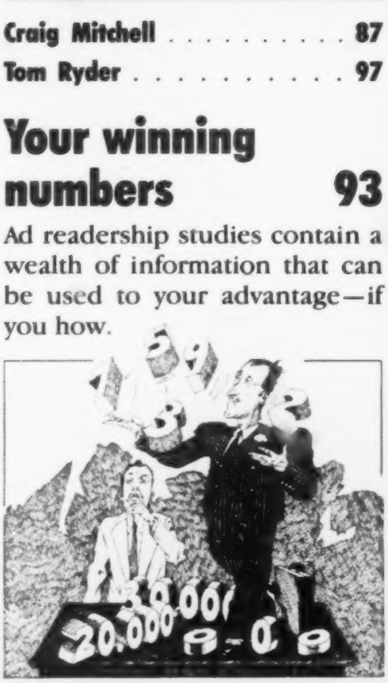
Ad readership studies contain a wealth of information that can be used to your advantage—if you how.



Anyone can buy telemarketing technology...

The trick is knowing how to use it.

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Vol. 20 No. 6

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FOLIO:'S 1991 EDITORIAL SALARY SURVEY

BY ROBERT M. STEED

The positives that editorial professionals cite about their work are "freedom," "creativity," "responding to readers' needs," "seeing my work in print." Or, as one editor put it: "It still amazes me after all these years that I actually get paid to do this job."

Balancing those positives, respondents to FOLIO:'s seventh annual survey of editorial compensation are quick to point out, is the high stress that seems endemic to the profession. Stress, they note, comes from many sources—deadlines, tight budgets, long hours, the creative tension of a blank screen or page.

In the end, though, when the magazine is printed, it all seems worth it. And it's increasingly worth it economically as well for those whose talents and energy enable them to demonstrate their value to their publications. This survey indicates how that talent and energy is rewarded by detailing compensation patterns for five job categories of editorial professionals. Listed below are some important findings.

- Editorial professionals at business publications earn larger salaries than those at consumer magazines in most categories. But total compensation for those who receive bonuses is higher at consumer magazines.
- Women earn between 82 percent and 95 percent what men earn, on both a salary and total compensation basis, in all categories except editor, continuing the slow but steady progress toward equal pay seen in earlier surveys.
- The size of the staff an editorial professional supervises has the clearest and strongest correlation to pay in all categories except senior/associate editor.
- Incentive compensation is a significant factor in the pay of editorial management and editors; and in those categories, bonus-eligible employees earn larger salaries than those who aren't eligible.
- Most editorial professionals work on only one magazine—and those who work on more than one magazine are paid *less*, possibly reflecting the smaller size of their multiple publications.

Robert M. Steed *is managing director of Performance Plus . . . Inc., a New York-based consulting firm.*

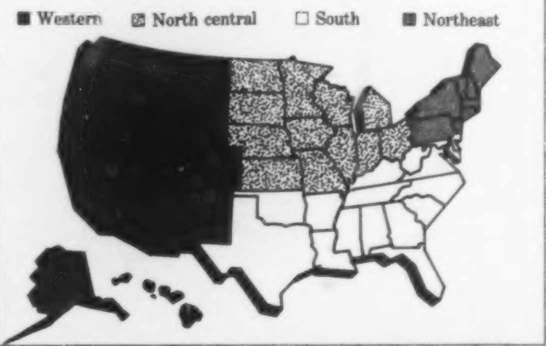
Methodology: Five hundred ninety-nine of the 1,427 editorial professionals who received questionnaires responded to FOLIO:'s seventh annual editorial compensation survey, resulting in an overall response rate of 42 percent. Of the total responses, 582 (41 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in January. Participants were asked to supply data reflecting 1991 earnings; if exact figures were unavailable, they were requested to estimate.

The sample was evenly divided among the five categories of editorial professionals. Each category was also evenly divided between consumer and business publications. About 65 percent of the sample was drawn from magazines with under 100,000 in circulation, while 35 percent came from magazines with over 100,000.

Response rates were reasonably similar among all categories, except for art directors, where the rate was 28 percent. Response rates were higher among business magazines than consumer magazines, and often substantially higher for larger circulation publications.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation.

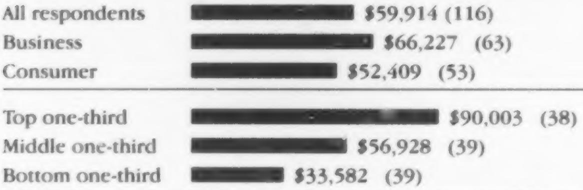
The regions have been divided as follows:



Editorial management

(Editor and publisher, editor in chief, editorial director): Sets editorial policy. May hold other titles; may be in charge of other products and other departments in addition to editorial. The editor reports to this individual.

Average salaries (The number of respondents is in parentheses.)



	Average salary	% increase from '90 to '91
All respondents	$59,914 (116)	7.2%
Business	$66,227 (63)	6.5
Consumer	$52,409 (53)	8.3
Top one-third	$90,003 (38)	
Middle one-third	$56,928 (39)	
Bottom one-third	$33,582 (39)	

	Average	Average business	Average consumer
By region:			
Northeast	$67,475 (40)	$73,619 (25)	$57,233 (15)
South	57,008 (24)	57,554 (13)	56,364 (11)
North central	59,421 (29)	61,589 (18)	55,873 (11)
West	50,417 (23)	67,857 (7)	42,788 (16)
By sex:			
Male	$63,146 (75)	$68,552 (44)	$55,474 (31)
Female	54,000 (41)	60,842 (19)	48,091 (22)
By years in editorial:			
Up to 3	$46,143 (7)	$ 0 (0)	$46,143 (7)
4-10	52,425 (40)	62,475 (20)	42,375 (20)
11-20	64,602 (51)	67,410 (28)	61,183 (23)
More than 20	69,241 (17)	69,793 (14)	66,667 (3)
By age:			
29 or less	$45,200 (5)	$52,500 (2)	$40,333 (3)
30-39	57,231 (38)	66,068 (16)	50,805 (22)
40-49	61,605 (42)	65,058 (24)	57,000 (18)
50 or more	63,284 (31)	68,990 (21)	51,300 (10)
Eligible for bonus:			
Yes	$64,249 (59)	$64,961 (34)	$63,280 (25)
No	55,426 (57)	67,710 (29)	42,704 (28)
Responsible for:			
One magazine	$63,566 (60)	$67,057 (35)	$58,680 (25)
More than one	56,213 (48)	66,521 (24)	45,904 (24)
By editorial personnel supervised:			
None	$37,429 (7)	$44,667 (3)	$32,000 (4)
One	49,727 (11)	59,200 (5)	41,833 (6)
2-5	51,258 (53)	56,592 (27)	45,719 (26)
6-10	69,024 (29)	68,856 (16)	69,231 (13)
More than 10	88,913 (16)	92,717 (12)	77,500 (4)
By circulation:*			
Up to 19,999	$ 50,083 (24)	$ 59,781 (16)	$30,688 (8)
20,000-49,999	56,161 (31)	66,111 (18)	42,385 (13)
50,000-99,999	50,295 (22)	59,043 (7)	46,213 (15)
100,000-499,999	67,733 (30)	70,262 (19)	63,364 (11)
500,000 or more	102,063 (8)	112,750 (2)	98,500 (6)
By frequency:*			
Weekly/biweekly	$74,962 (13)	$81,350 (10)	$53,667 (3)
Monthly	59,278 (64)	64,438 (39)	51,228 (25)
Other	55,941 (39)	60,407 (14)	53,440 (25)
By average editorial pages:*			
Up to 499	$54,706 (52)	$57,796 (24)	$52,057 (28)
500-999	56,976 (38)	64,860 (18)	49,880 (20)
1,000-1,499	67,744 (9)	67,744 (9)	0 (0)
1,500-2,999	90,333 (12)	90,444 (9)	90,000 (3)

*Refers to the largest circulation magazine on which respondent works.

Editorial managers who supervise a staff of more than 10 earn almost 2.4 times as much in salary, and four times as much in total compensation, as those who are not supervisors.

Editor

Responsible for editorial direction and content, including art, text and cover of one or more magazines.

Average salaries (The number of respondents is in parentheses.)		% increase from '90 to '91
All respondents	$46,898 (135)	8.7%
Business	$49,226 (77)	7.5
Consumer	$44,260 (57)	10.5
Top one-third	$71,258 (45)	
Middle one-third	$43,164 (45)	
Bottom one-third	$26,271 (45)	

	Average	Average business	Average consumer
By region:			
Northeast	$55,309 (49)	$56,257 (30)	$55,800 (18)
South	41,604 (28)	40,283 (18)	43,980 (10)
North central	44,168 (37)	49,300 (22)	36,640 (15)
West	37,778 (18)	38,600 (5)	37,462 (13)
By sex:			
Male	$52,934 (76)	$56,147 (45)	$49,280 (30)
Female	39,122 (59)	39,494 (32)	38,681 (27)
By years in editorial:			
Up to 3	$28,309 (22)	$32,655 (11)	$24,560 (10)
4-10	42,897 (57)	43,495 (33)	42,075 (24)
11-20	57,802 (44)	61,256 (27)	52,318 (17)
More than 20	63,000 (10)	58,400 (5)	67,600 (5)
By age:			
29 or less	$30,954 (26)	$26,125 (12)	$35,093 (14)
30-39	44,050 (61)	47,538 (37)	39,570 (23)
40-49	58,894 (34)	62,190 (21)	53,569 (13)
50 or more	59,786 (14)	58,857 (7)	60,714 (7)
Eligible for bonus:			
Yes	$51,510 (50)	$50,891 (23)	$52,037 (27)
No	44,185 (85)	48,517 (54)	37,260 (30)
Responsible for:			
One magazine	$49,030 (97)	$50,730 (57)	$46,608 (40)
More than one	41,456 (38)	44,941 (20)	38,735 (17)
By editorial personnel supervised:			
None	$31,629 (21)	$32,030 (10)	$31,264 (11)
One	37,762 (21)	40,767 (15)	32,700 (5)
2-5	43,265 (70)	45,179 (37)	41,118 (33)
6-10	68,889 (9)	74,500 (6)	57,667 (3)
More than 10	87,536 (14)	82,222 (9)	97,100 (5)
By circulation:*			
Up to 19,999	$38,979 (28)	$40,454 (26)	$19,800 (2)
20,000-49,999	38,015 (34)	44,389 (18)	30,844 (16)
50,000-99,999	49,024 (26)	47,094 (13)	50,954 (13)
100,000-499,999	54,242 (38)	67,744 (18)	43,358 (19)
500,000 or more	72,938 (8)	80,000 (1)	71,929 (7)
By frequency:*			
Weekly/biweekly	$68,875 (16)	$66,455 (11)	$74,200 (5)
Monthly	46,550 (73)	47,765 (42)	44,903 (31)
Other	39,807 (46)	43,888 (24)	36,181 (21)
By average editorial pages:*			
Up to 499	$40,669 (55)	$43,182 (34)	$37,530 (20)
500-999	46,475 (51)	48,061 (28)	44,543 (23)
1,000-1,499	54,955 (11)	57,438 (8)	48,333 (3)
1,500-2,999	68,075 (12)	80,750 (4)	61,738 (8)

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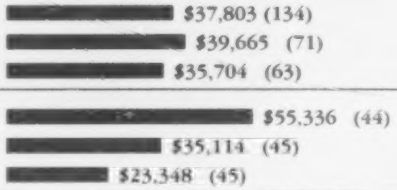
*Refers to the largest circulation magazine on which respondent works.

The disparity between compensation of men and women is largest in the editor category. Women's salaries average 74 percent of men's, and their total compensation is only 62 percent of their male counterparts'.

Managing editor

Coordinates editorial, art and production departments to ensure that the magazine is put out on time and in an acceptable form. Oversees the copy editing and proofreading staff to make sure the magazine is factually and grammatically correct.

Average salaries (The number of respondents is in parentheses.)



	Average salaries	% increase from '90 to '91
All respondents	$37,803 (134)	7.4%
Business	$39,665 (71)	6.8
Consumer	$35,704 (63)	8.1
Top one-third	$55,336 (44)	
Middle one-third	$35,114 (45)	
Bottom one-third	$23,348 (45)	

	Average	Average business	Average consumer
By region:			
Northeast	$42,664 (41)	$44,570 (23)	$40,228 (18)
South	33,583 (33)	36,187 (20)	29,577 (13)
North central	35,322 (23)	38,275 (16)	28,571 (7)
West	37,722 (37)	37,917 (12)	37,629 (25)
By sex:			
Male	$41,226 (56)	$44,349 (30)	$37,623 (26)
Female	35,345 (78)	36,239 (41)	34,355 (37)
By years in editorial:			
Up to 3	$24,182 (22)	$28,700 (5)	$22,853 (17)
4-10	34,524 (58)	35,417 (33)	33,344 (25)
11-20	47,884 (40)	44,671 (23)	52,230 (17)
More than 20	45,973 (13)	47,653 (10)	40,373 (3)
By age:			
29 or less	$30,400 (35)	$32,692 (13)	$29,045 (22)
30-39	38,476 (50)	38,407 (28)	38,564 (22)
40-49	43,624 (36)	44,577 (20)	42,433 (16)
50 or more	39,023 (13)	42,430 (10)	27,667 (3)
Eligible for bonus:			
Yes	$35,351 (45)	$41,946 (17)	$31,347 (28)
No	39,042 (89)	38,947 (54)	39,189 (35)
Responsible for:			
One magazine	$39,760 (96)	$41,044 (53)	$38,177 (43)
More than one	32,809 (36)	35,408 (17)	30,484 (19)
By editorial personnel supervised:			
None	$26,547 (21)	$32,943 (9)	$21,750 (12)
One	31,461 (16)	32,888 (10)	29,083 (6)
2-5	37,028 (68)	39,548 (35)	34,355 (33)
6-10	48,925 (21)	48,414 (14)	49,946 (7)
More than 10	57,425 (8)	42,967 (3)	66,100 (5)
By circulation:*			
Up to 19,999	$28,945 (19)	$30,935 (16)	$18,333 (3)
20,000-49,999	33,039 (33)	37,411 (19)	27,107 (14)
50,000-99,999	31,718 (18)	37,288 (8)	27,262 (10)
100,000-499,999	42,419 (52)	46,266 (27)	38,264 (25)
500,000 or more	57,282 (11)	63,000 (1)	56,710 (10)
By frequency:*			
Weekly/biweekly	$46,895 (20)	$52,167 (9)	$42,583 (11)
Monthly	37,340 (79)	39,458 (47)	34,229 (32)
Other	33,652 (35)	32,814 (15)	34,280 (20)
By average editorial pages:*			
Up to 499	$33,528 (40)	$37,916 (18)	$29,938 (22)
500-999	37,588 (47)	39,498 (30)	34,218 (17)
1,000-1,499	39,300 (16)	37,633 (6)	40,300 (10)
1,500-2,999	44,175 (20)	46,313 (8)	42,750 (12)

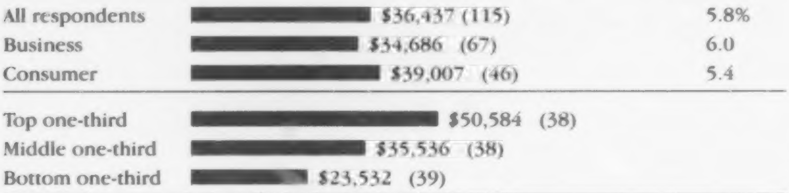
*Refers to the largest circulation magazine on which respondent works.

Sixty-six percent of the managing editors do not receive bonuses—but their salaries are 10 percent higher than the 33 percent of managing editors who do receive bonuses.

Senior/associate editor

Plans and writes features and other articles. May head editorial feature department and may oversee other editorial employees, freelance writers and designers. Keeps abreast of trends and news; is responsible for all editorial work in assigned subject area.

Average salaries (The number of respondents is in parentheses.) **% increase from '90 to '91**



	Average	Average business	Average consumer
By region:			
Northeast	$40,302 (55)	$36,329 (30)	$45,073 (24)
South	34,793 (15)	33,089 (9)	37,350 (6)
North central	33,395 (26)	34,800 (20)	29,054 (5)
West	30,711 (19)	30,038 (8)	31,200 (11)
By sex:			
Male	$38,491 (64)	$37,547 (36)	$39,509 (27)
Female	33,859 (51)	31,363 (31)	38,293 (19)
By years in editorial:			
Up to 3	$28,140 (32)	$27,594 (18)	$28,841 (14)
4-10	38,368 (59)	34,125 (34)	44,852 (24)
11-20	42,006 (17)	42,200 (10)	41,729 (7)
More than 20	44,571 (7)	49,000 (5)	22,000 (1)
By age:			
29 or less	$29,291 (32)	$28,861 (23)	$30,813 (8)
30-39	38,921 (56)	35,412 (25)	41,751 (31)
40-49	37,447 (15)	37,636 (10)	37,070 (5)
50 or more	42,642 (12)	44,278 (9)	34,100 (2)
Eligible for bonus:			
Yes	$37,310 (40)	$36,268 (22)	$38,906 (16)
No	35,972 (75)	33,912 (45)	39,061 (30)
Responsible for:			
One magazine	$37,395 (92)	$34,840 (57)	$41,895 (33)
More than one	32,723 (22)	34,233 (9)	31,677 (13)
By editorial personnel supervised:			
None	$32,964 (65)	$32,244 (40)	$34,411 (24)
One	36,293 (14)	35,918 (11)	37,667 (3)
2-5	41,168 (33)	39,944 (16)	42,153 (16)
More than 5	60,333 (3)	0 (0)	60,333 (3)
By circulation:*			
Up to 19,999	$30,880 (10)	$32,533 (9)	$16,000 (1)
20,000-49,999	27,380 (24)	28,515 (17)	24,624 (7)
50,000-99,999	31,005 (22)	32,006 (17)	27,600 (5)
100,000-499,999	39,606 (39)	41,062 (21)	38,550 (17)
500,000 or more	49,880 (20)	46,667 (3)	50,788 (16)
By frequency:*			
Weekly/biweekly	$38,875 (20)	$36,207 (14)	$45,100 (6)
Monthly	36,954 (71)	34,999 (41)	39,884 (28)
Other	32,878 (24)	31,842 (12)	33,914 (12)
By magazine type:			
Consumer	$39,007 (46)	$ 0 (0)	$39,007 (46)
Business	34,686 (67)	34,686 (67)	0 (0)
By average editorial pages:*			
Up to 499	$34,148 (37)	$34,180 (25)	$34,081 (12)
500-999	34,297 (31)	30,624 (15)	38,457 (15)
1,000-1,499	39,700 (10)	38,357 (7)	42,833 (3)
1,500-2,999	41,765 (20)	37,990 (10)	45,540 (10)

*Refers to the largest circulation magazine on which respondent works.

Demographics play less of a role in determining salary at the senior/associate editor level than they do at other editorial levels.

Art director

Oversees all editorial art and design work for the magazine. Oversees art production. Also heads photography and illustration.

Average salaries (The number of respondents is in parentheses.)

		% increase from '90 to '91
All respondents	$39,975 (83)	8.7%
Business	$36,466 (38)	9.8
Consumer	$42,505 (44)	8.0
Top one-third	$59,185 (27)	
Middle one-third	$37,089 (28)	
Bottom one-third	$24,336 (28)	

	Average	Average business	Average consumer
By region:			
Northeast	$47,979 (24)	$44,500 (10)	$49,577 (13)
South	34,021 (24)	29,167 (12)	38,875 (12)
North central	36,243 (14)	39,957 (7)	32,529 (7)
West	39,825 (20)	34,556 (9)	44,136 (11)
By sex:			
Male	$43,885 (39)	$42,667 (15)	$44,646 (24)
Female	36,509 (44)	32,422 (23)	39,935 (20)
By years in editorial:			
Up to 3	$28,513 (16)	$23,857 (7)	$32,133 (9)
4-10	40,100 (37)	37,235 (20)	42,313 (16)
11-20	44,714 (21)	49,000 (8)	42,077 (13)
More than 20	56,000 (6)	31,000 (2)	68,500 (4)
By age:			
29 or less	$27,462 (21)	$26,050 (14)	$30,286 (7)
30-39	42,102 (41)	41,346 (13)	41,730 (27)
40-49	50,353 (17)	47,056 (9)	54,063 (8)
50 or more	39,750 (4)	30,000 (2)	49,500 (2)
Eligible for bonus:			
Yes	$39,277 (44)	$36,026 (19)	$40,904 (24)
No	40,762 (39)	36,905 (19)	44,425 (20)
Responsible for:			
One magazine	$43,420 (41)	$37,247 (17)	$47,792 (24)
More than one	35,993 (41)	35,833 (21)	36,160 (20)
By design/art personnel supervised:			
None	$33,878 (23)	$33,680 (15)	$34,250 (8)
One	33,271 (21)	31,750 (10)	34,655 (11)
2-5	45,182 (33)	42,545 (11)	45,762 (21)
More than 5	58,167 (6)	47,500 (2)	63,300 (4)
By circulation:*			
Up to 19,999	$30,889 (9)	$28,857 (7)	$38,000 (2)
20,000-49,999	32,057 (21)	34,964 (14)	26,243 (7)
50,000-99,999	33,400 (13)	33,029 (7)	33,833 (6)
100,000-499,999	42,907 (27)	40,625 (8)	43,868 (19)
500,000 or more	63,800 (10)	90,000 (1)	60,750 (8)
By frequency:*			
Weekly/biweekly	$49,750 (8)	$56,750 (4)	$36,333 (3)
Monthly	39,498 (54)	34,563 (27)	44,433 (27)
Other	36,950 (20)	32,214 (7)	39,500 (13)
By magazine type:			
Consumer	$42,505 (44)	$ 0 (0)	$42,505 (44)
Business	36,466 (38)	36,466 (38)	0 (0)
By average editorial pages:*			
Up to 499	$35,767 (27)	$26,800 (9)	$38,971 (17)
500-999	43,037 (27)	36,536 (14)	50,038 (13)
1,000-1,499	42,318 (11)	35,500 (6)	50,500 (5)
1,5[illegible] 2,999	38,856 (9)	49,333 (3)	33,617 (6)

*Refers to the largest circulation magazine on which respondent works.

Art directors are more likely than other editorial professionals to work on more than one magazine. But they earn 21 percent less than those who work on only one.

Average annual total compensation

Includes only individuals who reported receiving both salary and bonus.

The number of respondents is in parentheses.

	Editorial management	Editor	Managing editor	Senior/ associate editor	Art director
Received bonus/incentive:					
Yes	$74,316 (53)	$54,361 (49)	$37,212 (44)	$39,373 (36)	$42,025 (32)
No	55,426 (57)	44,185 (85)	39,042 (89)	35,972 (75)	40,762 (39)
By magazine type:					
Consumer	$74,217 (21)	$55,349 (26)	$32,937 (27)	$40,714 (13)	$42,009 (20)
Business	74,381 (32)	53,243 (23)	44,002 (17)	38,771 (21)	39,720 (11)
By region:					
Northeast	$78,375 (15)	$68,403 (22)	$45,992 (10)	$43,198 (21)	$55,360 (5)
South	76,022 (9)	52,354 (8)	30,406 (14)	27,000 (2)	39,263 (10)
North central	77,700 (18)	36,678 (10)	44,050 (4)	35,694 (9)	40,700 (7)
West	61,845 (11)	39,886 (7)	35,970 (16)	33,758 (4)	38,131 (9)
By sex:					
Male	$79,548 (33)	$63,712 (30)	$45,365 (17)	$40,082 (22)	$43,475 (15)
Female	65,683 (20)	39,596 (19)	32,078 (27)	38,260 (14)	40,746 (17)
By years in editorial:					
Up to 3	$75,433 (3)	$33,425 (6)	$24,998 (10)	$34,788 (8)	$32,967 (3)
4-10	72,008 (18)	47,907 (24)	33,331 (17)	39,571 (21)	40,941 (17)
11-20	77,608 (24)	66,657 (15)	53,399 (13)	49,350 (4)	48,297 (8)
More than 20	69,213 (8)	87,500 (3)	35,891 (3)	36,911 (3)	44,008 (3)
By age:					
29 or less	$40,100 (3)	$40,307 (11)	$33,398 (12)	$33,496 (12)	$32,975 (4)
30-39	81,212 (20)	49,055 (21)	37,051 (15)	43,013 (20)	43,005 (19)
40-49	71,361 (18)	67,741 (13)	40,140 (16)	0 (0)	41,686 (7)
50 or more	75,808 (12)	77,375 (4)	38,528 (1)	38,808 (4)	52,000 (2)
Responsible for:					
One magazine	$81,749 (25)	$58,382 (33)	$42,544 (27)	$41,085 (31)	$42,008 (12)
More than one	66,776 (25)	46,067 (16)	28,743 (17)	28,760 (5)	40,684 (19)
By employees supervised:*					
None	$ 25,483 (3)	$ 35,992 (9)	$26,292 (6)	$34,440 (21)	$40,214 (7)
One	48,167 (3)	40,932 (7)	28,713 (4)	40,800 (2)	31,543 (7)
2-5	69,673 (23)	44,511 (20)	37,183 (24)	44,175 (12)	44,853 (17)
6-10	78,014 (14)	71,100 (5)	47,232 (10)	0 (0)	0 (0)
More than 10	102,310 (10)	100,938 (8)	0 (0)	82,500 (1)	80,000 (1)
By circulation:†					
Up to 19,999	$ 70,050 (9)	$47,856 (4)	$26,121 (5)	$20,500 (1)	$35,100 (3)
20,000-49,999	71,008 (12)	36,645 (13)	33,913 (10)	31,631 (6)	29,446 (6)
50,000-99,999	60,740 (10)	59,804 (8)	28,399 (8)	35,917 (9)	38,175 (4)
100,000-499,999	68,485 (15)	59,597 (17)	41,993 (16)	39,000 (14)	43,679 (13)
500,000 or more	117,357 (7)	79,342 (6)	53,700 (5)	56,317 (6)	58,540 (5)
By frequency:†					
Weekly/biweekly	$102,583 (6)	$81,071 (7)	$49,809 (7)	$38,461 (9)	$52,469 (4)
Monthly	68,544 (36)	53,591 (26)	34,433 (25)	39,708 (23)	40,147 (22)
Other	77,786 (11)	43,926 (16)	35,652 (12)	39,500 (4)	40,420 (5)
By average editorial pages:†					
Up to 499	$ 66,440 (21)	$42,731 (19)	$34,916 (17)	$40,113 (8)	$44,997 (8)
500-999	63,399 (17)	54,173 (17)	39,761 (9)	37,081 (9)	46,445 (11)
1,000-1,499	74,840 (5)	46,892 (6)	38,379 (7)	40,180 (5)	32,705 (5)
1,500-2,999	119,250 (8)	92,786 (7)	40,106 (9)	46,550 (7)	38,486 (7)

†Refers to the largest circulation title on which respondent works.

*Indicates editorial employees for all job titles except art director, where numbers refer to design/art personnel.

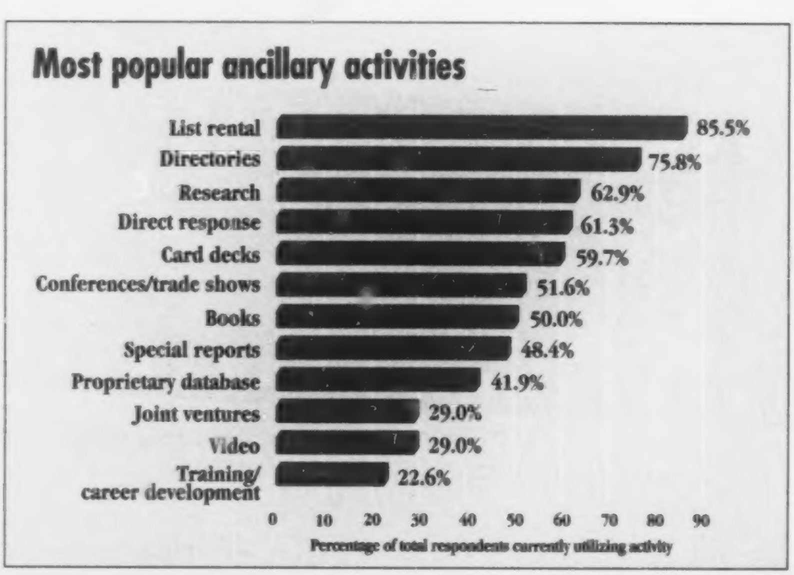
The ratio of editorial professionals receiving bonuses this year, compared with last year, declined in all categories except art director.

Be All That You Can Be: LEVERAGE YOUR FRANCHISE

BY BARBARA LOVE *and* ARTHUR ROSENFIELD

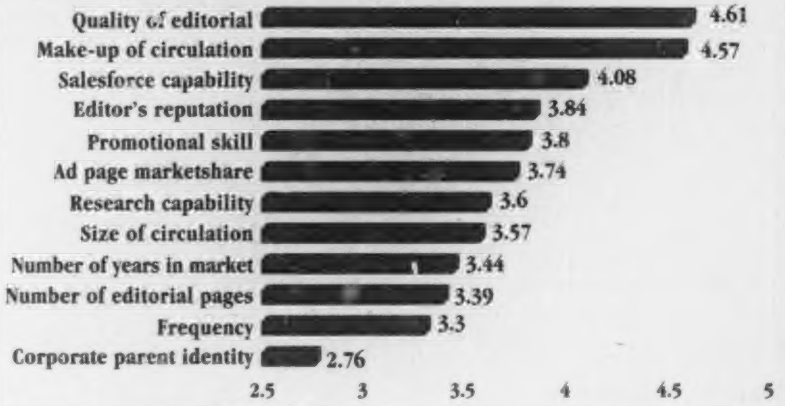
How to build on your magazine's readership and information base to develop new revenue from ancillary activities

Are you in the business of pulishing magazines, or are you in the business of providing information? Savvy magazine people will say the latter. But if you can count on one hand the number of non-magazine ventures that generate revenue, you may be missing opportunities. Because


Most popular ancillary activities

Factors determining potential to develop ancillary activities

Scale of 1 to 5 with 5 being Very Important and 1 being Very Unimportant



of greatly reduced ad dollars at many publishing companies, executives are turning their attention to other products and services that generate revenues.

Business magazine publishing companies currently derive 15.1 percent of their revenue from non-magazine products, according to 167 executives responding to a survey on ancillary ventures conducted by FOLIO: and the Business Development Group, with the assistance of Raskin Research Associates. These companies expect to derive 17.6 percent from such activities in 1991, and 23 percent five years from now.

Small publishers expect these activities to contribute an even greater share of revenue than do their larger counterparts.

Right now, seven out of 10 business magazine publishers are developing their magazines' inherent potential to derive revenue from ancillary activities. What's new is the growing understanding that such products can't be treated as stepchildren or afterthoughts. This attitude is understood now to be an inhibitor to becoming all that one can be in specialized business communications. Building on the loyal readership of your magazine to create new revenue and profit centers is getting more top management attention.

From defensive to offensive

Almost everyone who's gotten into other businesses initially views them as "ancillary." Publishers have traditionally looked at ancillary activities from a defensive posture. They have developed them because pages were down or they feared other magazines or outside companies would get into those businesses first. The ancillary products or services were not part of the overall strategic planning.

Since these ventures were viewed as "add on" activities, publishers used the existing circulation and sales departments to staff them, wanting to avoid devoting resources to them.

But the companies that have been most successful at developing revenue from a variety of products see them as integral parts of their businesses. They evaluate these parts of their businesses as stand-alones.

As Tom Thompson, senior vice president of Phillips Publishing, says, "It's hard to tell what is ancillary and what isn't." He publishes 56 newsletters, eight directories and five magazines. "The newsletters are not more or less important than the magazines.We are a provider of services," he explains.

Another mindset

Publishers who have been successful launching products and services other than magazines talk another language. They do not think of themselves exclusively as magazine publishers, but as "information providers," "multi-media companies" or "full-service information firms."

Extending franchises is very much a part of the corporate strategy, says John Babcock Jr., president of the BPI Publishing Group, which produces 60 products, including magazines, books, book clubs, directories–even posters and an entertainment news wire. "We make every effort to think of ourselves as information providers and communicators. It may have been that a magazine created the franchise, but given the rapid pace of technology, there are many different ways we are going to have to provide information in the future. If you think about your business this way, as we do–and it's not easy–extending your product line is a core strategy," Babcock notes.

Phillips Publishing simply does not understand the term "ancillary" in regard to its many ventures. "We consider ourselves an information service company that surrounds the marketplace. When you start thinking of yourself this way, instead of as a magazine publisher, you see that nothing is ancillary. This strategy has been successful for us; the company as a whole now generates $60 million in revenue," says Thompson.

Publishers realize there are many ways other than ink on paper to deliver information, to add value to it, to educate, to bring buyers and sellers together–and it takes a broader definition of our business than "magazine publishing" to recognize those different opportunities.

Changing culture and structure

The ability to develop new products and services around your magazine depends largely on how individuals perceive their jobs, the study shows. More and more, publishers are in charge of not just magazines, but profit centers.

Publishers like Babcock and Thompson indicate that it takes different kinds of skills to produce non-magazine products such as newsletters, directories and seminars. This could result in different job qualifications. And it requires those employees to view their roles in terms of fulfilling customer needs, and not as something secondary to the company's primary product, magazines.

Many magazine publishing companies have seen the wisdom of "clustering" to take advantage of ad sales networks, according to the survey. But clusters built around markets–rather than products and services–are also helping to foster new activities.

For example, instead of having a magazine division, a book division and a seminar division, a publisher might have a metals division, an electronics division, or a restaurant division–with each division having its own magazines, books and seminars.

Financial thinking and criteria, and marketing strategies for success are very different, too, as Thompson points out. "A newsletter can be very successful with $200,000 in revenue, but we have yet to find a way to have a successful magazine with only $200,000 in revenue," he explains. "Also, newsletters require entirely different forms of promotion, get different response, and involve different pricing."

Importance of editorial

The key element for leveraging is the editorial product. The survey research revealed that quality of editorial is considered the most important factor in determining a specific magazines' ability to develop ancillary ventures. The foundation for successful development is the loyalty of readers to the publication.

"You really need to develop an editorial franchise for the magazine that covers all the aspects of the market," says Marshall Freeman, president of Miller Freeman, which derives half its revenue from non-magazine products ranging from newsletters to seminars. "This provides you with an editorial expertise in all corners of the market, and authority in each corner of the market."

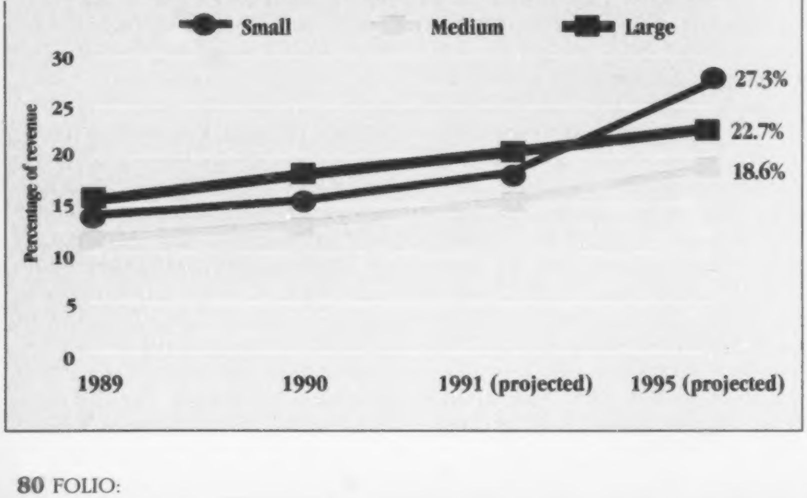
Thompson agrees: "Editorial strength and recognition is probably the number-one attribute that contributes to our franchise in a given market," he says.

Some have fallen into the trap of believing that some other element is creating legitimacy. McGraw-Hill may be in that category. One of the perceived weaknesses of the McGraw-Hill operation in recent years is that the business magazines–which were at the heart of the company–have been folded or sold off. One can't add on arms, legs, hands and so on to a healthy business and then take away the heart. Where are the ideas for ancillary products coming from–the inside or the outside? According to our survey, by far the largest number of ideas– 80 percent–come from the advertising sales department, which is highly attuned to the needs of the advertiser. Administration is the second-ranked source.

More and more, publishers are in charge of not just magazines, but profit centers.

While editorial ranks third as a source of ideas, it is the most important source for Times Mirror, according to Robert Carney, formerly director of Times Mirror's golf\tennis trade magazines. "The idea of golf schools and videos came from readers and editors."

Small publishers plan to increase ancillary activities at a faster rate than large or medium companies



The idea of compensating employees for their ideas is not a popular one. At the American Business Press Winter Conference in Chicago, none of the approximately 80 publishers and editors in the audience offered compensation for ideas generated by employees. One executive quipped, "It's part of their job."

But at Phillips Publishing, there is a formal reward system for new product development. It pays $2,000 to employees who come up with new product ideas, with another incentive when that business plan is implemented. The company continues to reward that employee on the basis of growth over the next three years.

At Phillips, generating new ideas is more than an opportunity for employees to make a few extra dollars. "The best way to grow your career at Phillips Publishing is to come up with new ideas. We have several group publishers who have been promoted as a result of developing new products," Thompson says.

Popularity vs. effectiveness

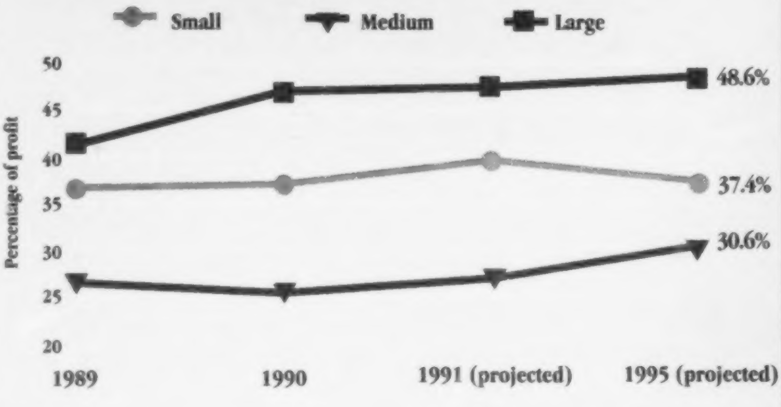
List rental is the most common ancillary activity among publishers surveyed, followed by directories, research, direct response, card decks and trade shows.

Interestingly, trade shows and conferences, which ranked sixth in terms of activities planned, is considered "the most effective" ancillary activity–*i.e.*, the one that generates the most profit or best accomplishes non-financial goals or objectives. The ninth-ranked activity, proprietary databases, is the second most effective. The first-ranked activity, list rentals, is considered the third most effective activity.

Dangers of distraction

Entering new businesses is risky. For one thing, additional products and services can endanger the core business. Management that sees a company solely as a magazine publishing company, and not as an information provider, may well be reluctant to add personnel to handle ancillary activities. The perception is that they drain time and energy from

Large publishers have a significantly greater profit margin from ancillary products and services



magazine employees. Finding the time and energy to pursue new activities were the two chief problems mentioned by respondents.

Furthermore, many of the people who are asked to do the extra work on additional products tend not to be knowledgeable about developing those products. Starting a directory, a video or a trade show is a lot different from running a magazine. Magazine executives tend to be good at hiring editors, sales executives and circulators, but they don't always understand personnel needs for video, for example.

While it may be true that current staff is not appropriate for the new ventures, that's not a reason to abandon the ideas, according to Eliot Minsker, chairman and CEO, Knowledge Industry Publications. "If there's a market there, you know we'll develop the expertise, hire it or go to outside suppliers," he says.

Minsker started with a show, Video Expo, then went to magazines and hired magazine people.

On the management side, there is a danger that an ancillary project that is relatively small, and with relatively small potential, can take on a life greater than it should. The return on investment has to be looked at realistically rather than emotionally.

Cannibalizing the core product

Thompson found out the hard way that you have to be careful not to develop products that will start competing directly with your core product. He had a magazine in a market and introduced a newsletter in the same market. When the newsletter began to take advertising, there was trouble.

Publishers interviewed by FOLIO: stress that you have to identify what your strategic position is in a market. If you are selling a monthly magazine and telling people a monthly is the right way to reach customers–and then you come along with a newsletter and say, this is a better way to reach people, you're selling off your own strategic position.

In addition, managers must remember that the number of ad dollars in a market is finite. Just eating into your own position doesn't make any sense.

While profits are not the only reason magazine publishers enter into non-magazine product development, they are perhaps the most important one. The average profit margin for these ventures is expected to grow dramatically to 36.6 percent by 1995, according to survey respondents.

Such a high profit margin is in sharp contrast to business magazines. According to the American Business Press, the average profit margin for business publications ranged from 14 percent to 17 percent in the last five years.

Thompson expects a great deal from the investment in new products at Phillips. "We have any number of financial criteria, depending on the risk-reward of the activity," he says. "But our basic guideline is, if we invest one dollar, we would like to see a two-dollar return within 12 months. And we look for return on sales of at least 30 percent, also in 12 months."

These figures may seem too demanding, but Phillips is only counting out-of-pocket costs. It does not count overhead. "The financial and control aspects are skewed toward encouraging the launch of new products," Thompson says.

Motives differ

Publishers are sometimes willing to operate their ancillary activities at a loss because they help the advertising sales effort and/or improve the image or reputation of the magazine as the authority in the field.

"There are two possible motives for developing one of our services," explains Carney. "One is for profit. The other is to increase share of market and protect the rate. It may mean we can do something extra for the advertiser without getting into a very heavy rate cutting session."

Golf Shop Operations started as a promotional vehicle for advertisers who clearly wanted to reach retailers. It has since developed into a profit center.

Publishers' unique advantage

Should you expand your franchise to include non-magazine ventures? The study points to a resounding "yes." Business magazine publishers, because of their unique position with their readers and advertisers, are ideally situated to take advantage of the many new opportunities to develop ancillary activities. The criterion, however, is having a solid editorial product that does more than report on the industry it covers; it must lead the industry with substantive information and astute analysis.

With that condition met, the talent and resources can always be found that, with proper management, will create ventures that willgenerate revenues adding upwards of 20 percent over the next few years.

The remaining question, "But in this market, can I afford to develop ancillary activities?" is answered with, "Can you afford not to?"

Arthur Rosenfield *is president of Business Development Group.* **Barbara Love** *is general editor, training and educational products,* FOLIO: *and* Publishing News.

NOTE

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Who are the eight greatest minds in circulation management? You picked them and now we reveal their names, faces and credentials in our all-star line-up. **60**

US
Paula Abdul

US Battles Them

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Revolution on the DESKTOP

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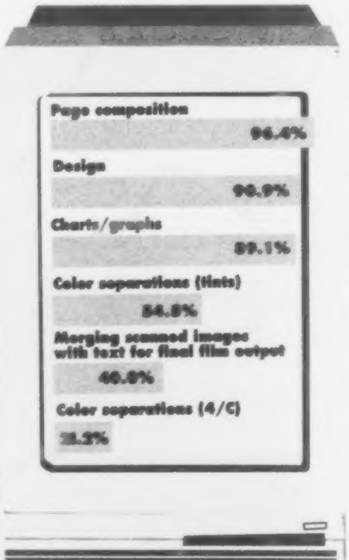

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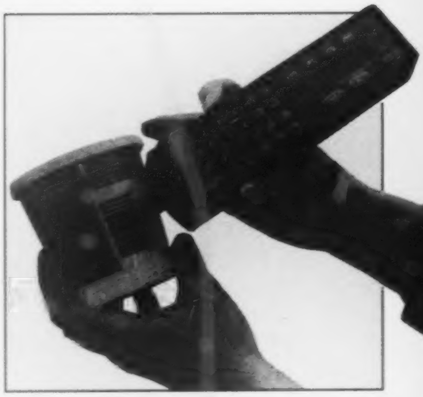

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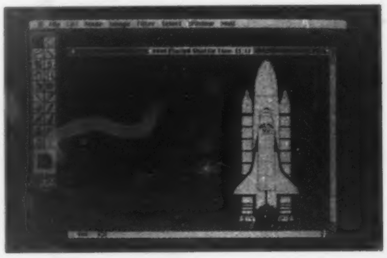

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Newly introduced hardware and software is making color desktop imaging faster, easier and, most important, cheaper.

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Charting the pre-press revolution

By Liz Horton

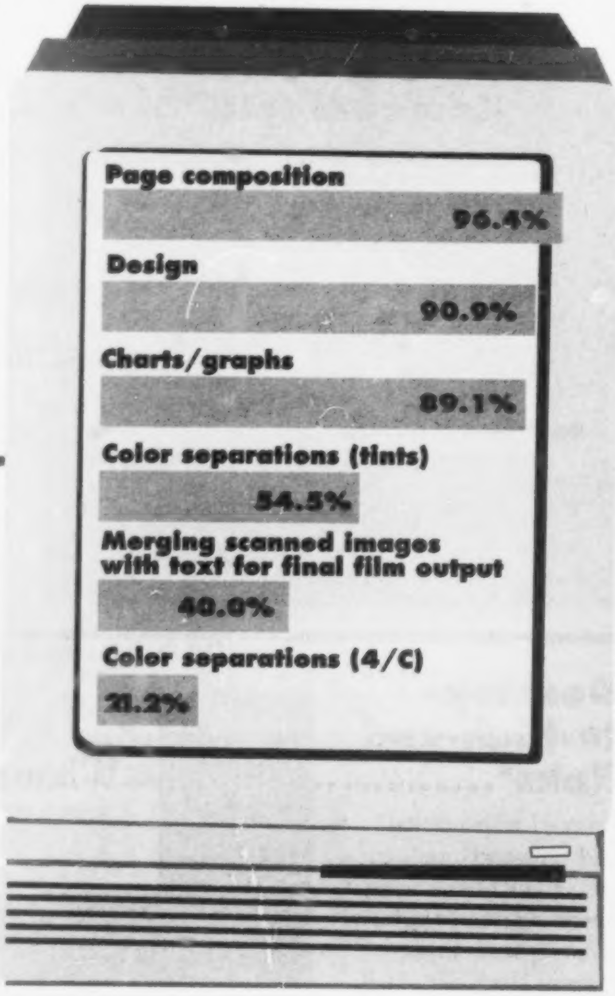
Desktop page composition has come a long way in a short time. Virtually unheard of five years ago, today it is de rigueur. Magazines routinely create charts and graphs on computers, and a good percentage of magazines are even doing their own color separations and four-color scanning on the desktop. In sum, all but 14.5 percent of our respondents were using personal computers in some form in their electronic pre-press operations. (Survey percentages are based on the 85.5 percent who reported that they are using computers.)

At the same time, keeping up with the technology and managing the changes computerization brings to staff responsibilities are making a production director's role more complex than ever. Here's what our survey revealed about how magazines are implementing electronic pre-press today.

Whose job is it?

28 (17 percent) of our respondents output pages to film in-house. But there is little consensus on whose job it is. Of the 28, it fell to a person hired specifically for the job (9), the production manager (6), a systems person (3), an art director (2), or "other" (1). 7 didn't supply an answer.

Personal computers are being used for:

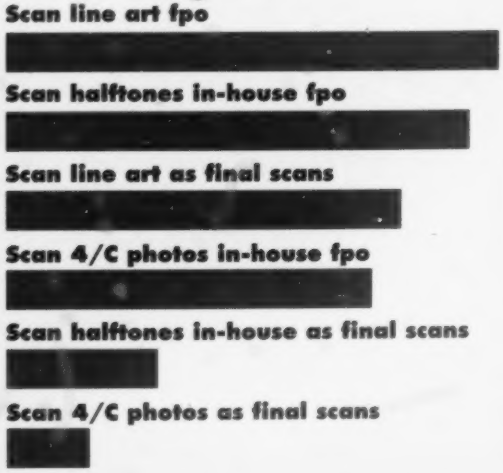


CHARTS BY JULIE McWILLIAMS

PRE-PRESS SURVEY

SCANNING

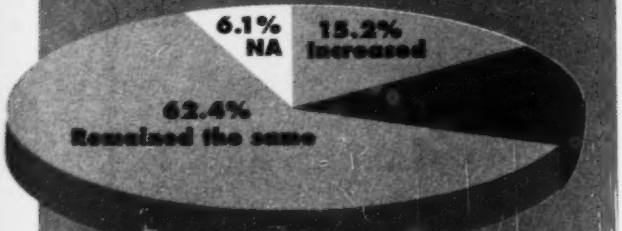
How production departments are scanning in art



STAFF SIZES

An equal split?*

The more 4/C pages, the more likely a magazine was to increase its staff as a result of electronic pre-press; those with fewer were likelier to cut staffs. Could this be because larger magazines are tackling more functions in-house?

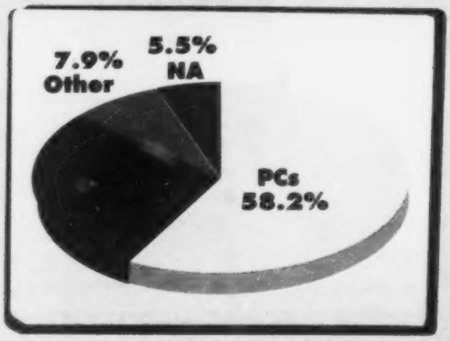


*Numbers do not total to 100% due to rounding

What's being used • What's being used

Hardware

For editorial*:



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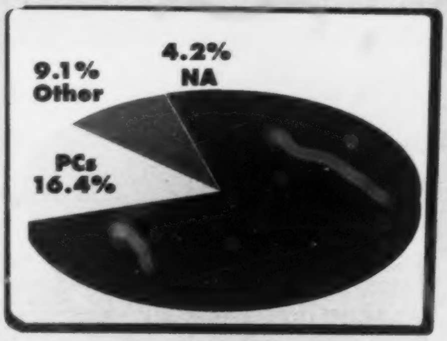
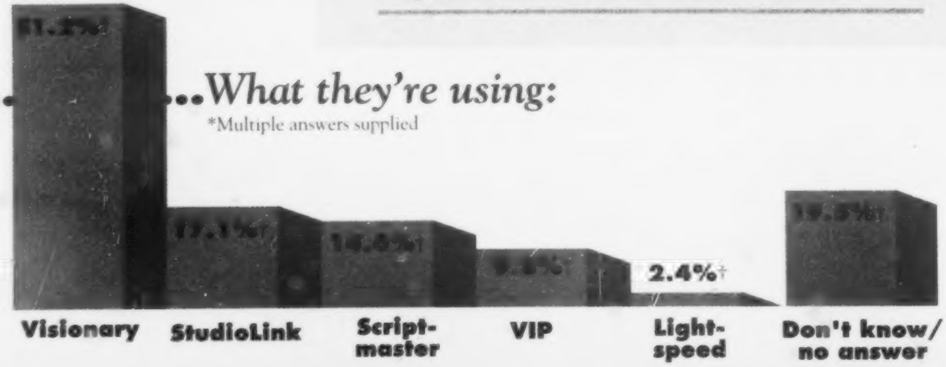


Macs continue to dominate magazine page composition. For editorial, PCs still lead but not by as much.

Desktop-to-high-end links*..........

Only 41 respondents† (24.8 percent) use some sort of link to join desktop-designed pages to high-end scanning and output systems like Scitex, Hell or Crosfield.

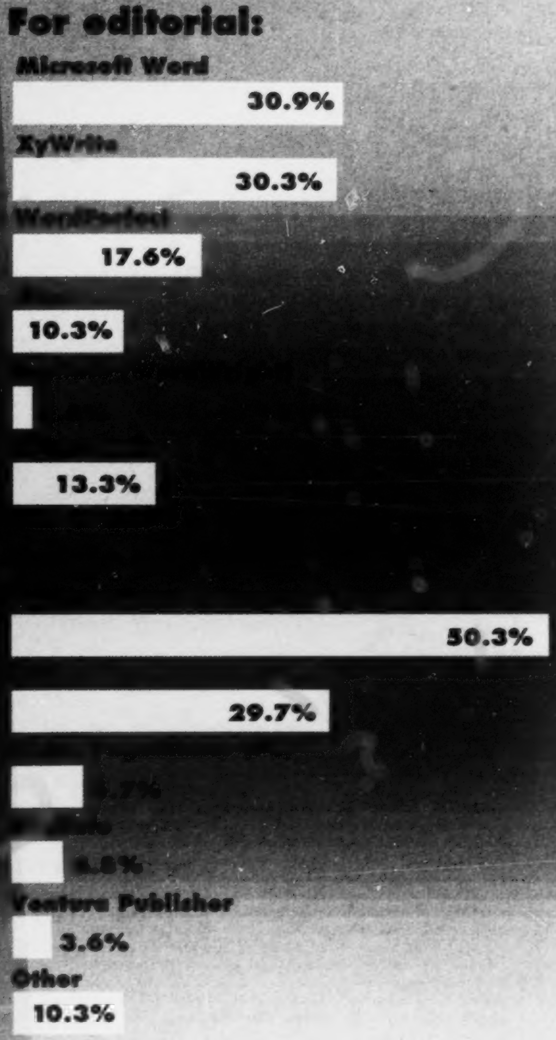


...What they're using:

*Multiple answers supplied

's being used •What's being used

Software*



*Multiple answers supplied

While Quark XPress remains a favorite for page composition, it is less clear which word-processing software wins out.

Methodology

Of the 442 production executives who received questionnaires, 195 responded, resulting in a 44 percent overall response. Of these, 165 surveys contained sufficient information for tabulation purposes (28 respondents had not introduced electronic pre-press; 2 surveys had insufficient data). The survey, conducted through two mailings in February, went to top production executives on magazines with 20,000 or more circulation.

5 frequently cited PRODUCTION CHALLENGES

"Becoming a master of technology and overseeing a process that begins with manuscripts through final film output."

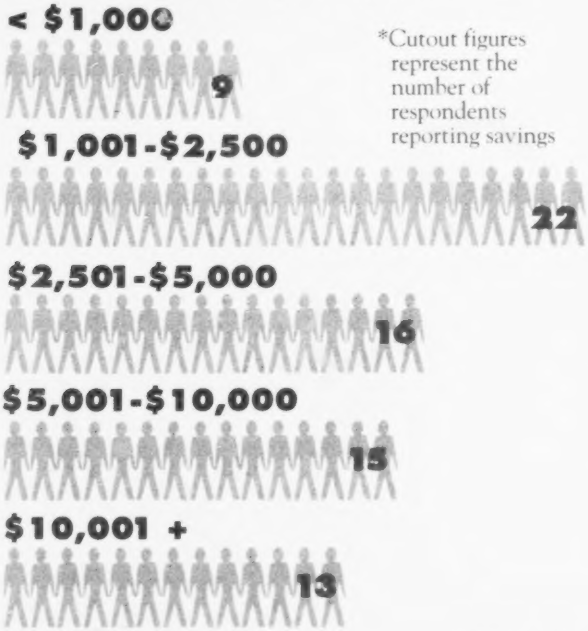
"Evaluating new technology and learning digital color correction."

"Learning the new technology fast enough to get back in the production mode and knock out magazines on a timely basis."

"Learning everything. I am now typographer, stripper, photo expert, negative quality-checker plus production manager."

"Shifting areas of responsibility and changing processes cause expenses to shift between cost centers. Bean counters' reports are now apples and oranges."

Savings per issue as a result of electronic pre-press*



*Cutout figures represent the number of respondents reporting savings

NOTE

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Cov. 1, Cov. 2, Pgs: 2, 28,

29, 77, 78, 81, 82, 86, 88,

89, 90, 92, 94

C7575-1

How to make research profitable . . . page 97

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SEPTEMBER 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

AD SALES SALARY SURVEY

$ Who makes what where? Learn whose compensation bucked the pay slowdown and where female sales pros' salaries topped those of their male counterparts. **77**

ZIFF

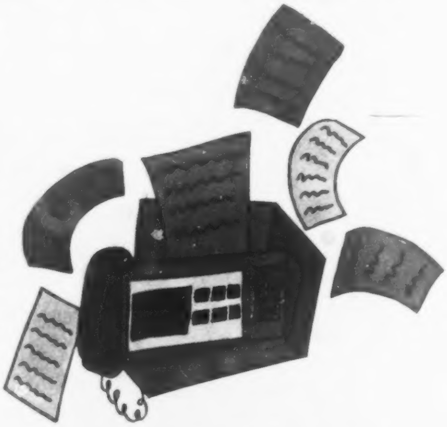
AND THE ART OF MAGAZINE MAINTENANCE

The chairman of one of the country's largest info-tech publishers shares his know-how, including tactics to combat the medium's weaknesses and build on its strengths. In this thoughtful essay, William Ziff offers a blueprint for the media companies of tomorrow. **66**

SPY TRIES TO SHAKE THE CHILL

With new cash, a new publisher and a new ad campaign, the hot book of the '80s bids to come in from the cold. Will the changes, including the exit of two founders, win new advertisers?

55



FAX PUBLISHING

It's fast, it's cheap and it lets you beat your competition to press. But that doesn't mean it's easy to do right. Here's how to avoid the pitfalls and make fax publishing succeed for you. **72**

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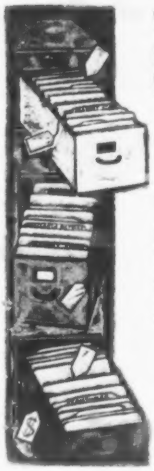

Will advertisers pay for what you know?

Cahners, with its Business Research Group, is proving that publishers *can* make money off their research efforts.

97

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Mating time

Boars via Singapore. **34**

By mailing from offshore, this trade publication saves a bundle.

Look before you leap to desktop. **101**

You can't implement new systems until you understand the one you've got. Here's what you need to know to evaluate your existing procedures right.

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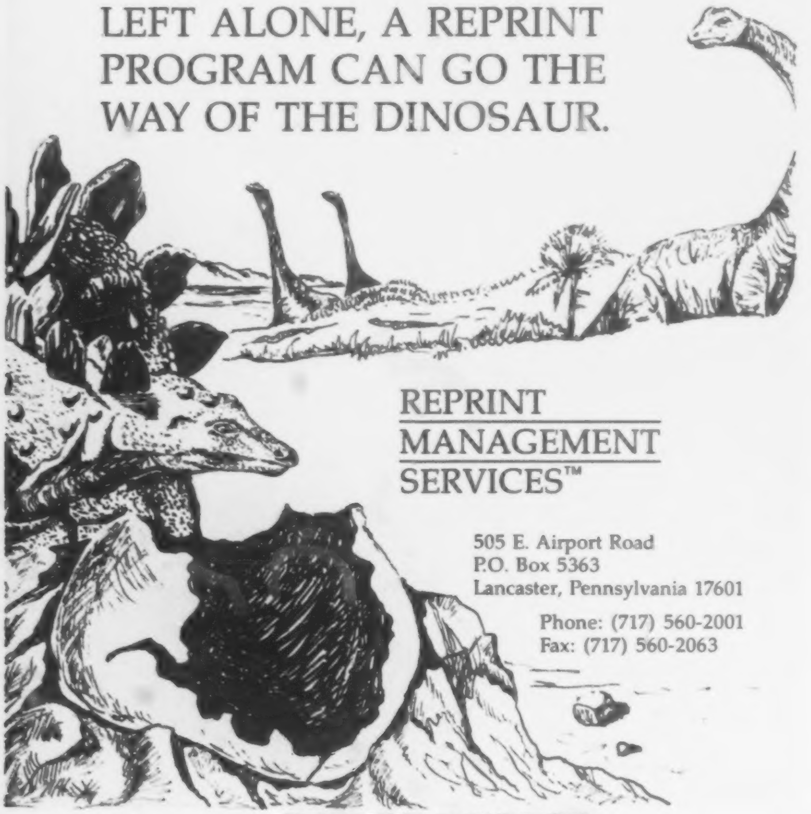

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Vol. 20 No. 9

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ABP The Audit Bureau MPA

Boating titles swamped by luxury tax

By Zakia Hyder

The 10 percent Federal excise tax on luxury purchases enacted in January has turned the tide against boating magazines.

"Ad space is down dramatically in the first six months of 1991, as compared to the same months last year," says Chris Donahower, publisher of Cahners' *Motoryacht International* and *Power and Motoryacht*. "While I cannot blame this entirely on the tax, it is surely the primary factor here. Due to it, boating companies are suffering, consumer spending is down, and so are our ad pages."

According to a survey of the largest boat dealers in Connecticut, conducted by the Marine Retailers Association of America (MRAA), sales of boats costing $100,000 or more have fallen 93 percent, from $7.879 million in 1990 to $545,000 for the same period this year. Nationwide, more than 19,000 people have been put out of work at boat making plants.

In turn, the tax has caused Cahners' boating titles to drift. *Motoryacht International*, with a worldwide circulation of 100,000 and a current frequency of six issues per year, will become an annual in 1992. Also, *Motorboat* ceased publication with its July issue after having skipped two issues earlier this year. The title's subscription assets and liabilities have been sold to Atlanta-based *Boating World*, previously titled *Boating Journal*. (The idea of relaunching *Motorboat* as an annual is being discussed, says a company spokeswoman.)

To counteract the impact of the tax on ad sales, Cahners is offering added value wherever possible. "We tell advertisers, 'You buy an ad page and you'll get help with your direct mail, or you can get some kind of free access to our readers—things like that," says Donahower.

"The tax has changed things considerably," agrees Peter McHeffey, advertising director of Hearst's *Motor Boating & Sailing*. According to the Patterson Advertising Reports, *Motor Boating & Sailing* has suffered a drop of more than 200 ad pages this year, declining from 915.94 pages to 702.33. However, McHeffey's outlook remains upbeat. "We are about 84 years old and we are quite optimistic despite this tax," he says.

Hachette Magazines' *Boating*, close in competition to *Motor Boating & Sailing*, has also felt the impact. According to Patterson, its ad pages have dropped from 922.81 in 1990 to 685.12 for the same period in 1991. Earlier this year, *Boating*'s two-year-old sister publication, *Boat*, ceased publication. The company is still try-

To us, short runs aren't

MOTOR BOATING & SAILING
POWER AND MOTORYACHT
BOATING

The surviving (?) boating titles

Magazine	Ad revenue Y-T-D 1991	Ad revenue same period 1990	% change	Ad pages Y-T-D 1991	Ad pages same period 1990	% change
Boating	$8,200,571	$9,664,600	15.1-	685.12	922.81	25.8-
Motor Boating & Sailing	3,619,221	4,599,944	21.3-	702.33	915.94	23.3-
Power & Motoryacht	4,241,167	5,109,348	17.0-	854.49	1,201.30	28.9
Yachting	2,480,255	2,843,818	12.8-	799.03	[illegible]	[illegible]
Salt Water Sportsman	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Boating magazines are trying to repeal the 10 percent luxury tax they blame for revenue declines.

ing to merge the two publications' subscriber and advertiser lists successfully, says an inside source, speaking on the condition that his name not be used.

Arguing for a repeal

The magazine industry is trying to turn the tide. "The mounting job losses and plummeting sales in [the boat manufacturing industry] have had a ripple effect on the magazine industry resulting in lost advertising revenues for both large and small publishing companies," says Donald Kummerfeld, president of the Magazine Publishers of America, in a letter to U.S. Senator Robert Dole (R-Kansas), who recently introduced legislation to repeal the luxury tax. Ad revenues from inboard cruiser manufacturers for the top 15 marine titles have declined $2.3 million in the first six months of this year, compared to the same period in 1990, says Kummerfeld.

"Unless the excise tax is repealed," warns Jeff Hammond, publishing director of *Power and Motoryacht*, "at least two dozen boat companies will shut their doors this fall." Some boating titles, however, are fighting hard. *Yachting* and *Saltwater Sportsman*, for example, are among the titles that have asked subscribers to support a repeal of the tax. "Do it," says an editorial in *Yachting*. "The industry needs your help." As do the boating titles. ■

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FOLIO:'S 1991
AD SALES
COMPENSATION SURVEY

By Suzanne Zelkowitz

"Flat is up" is the way one exasperated ad sales director describes the effect the economic downturn is having on his publication. This year's cross section of ad sales professionals report having been hurt by the recession to widely varying degrees. Those experiencing the least pain work on special-interest titles or sell magazines in sections of the country that have relatively sound economies.

Some respondents hold the recession directly responsible for the perceived rash of rate cutting, while others fix blame on the rate cutters' mindset: "What has truly affected us is the 'Let's make a deal mentality' of other related books and the agencies. What a shame we have to resort to this!" laments one ad sales director.

Overall, respondents were upbeat: Those struggling with poor economic climates were just selling harder and smarter. "It's given us the impetus to focus on accounts outside our traditional marketplace," offers one. "Emphasis on value-added is more critical than ever," echo a few. Says another, "We find it much tougher, but the sales are still out there—you just have to work twice as hard for the same number."

This year's survey reveals how this hard work is being transformed into hard cash for four job categories of ad sales professionals. Listed below are some important findings.

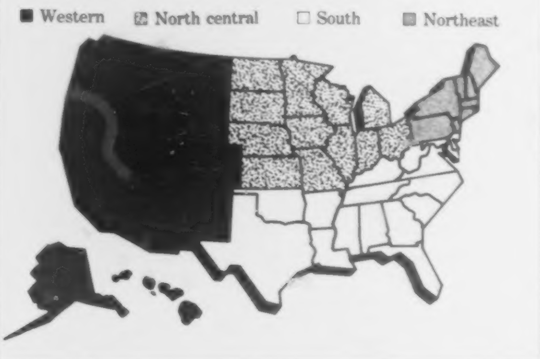
- Bonus/commission increases: Directors' increases were far better this year, averaging one-third higher than managers of all types. In percentage terms, directors received twice as large an increase as ad sales people.
- Women regional/branch/category managers earn more than men in both salary and total compensation, whereas in every other job category they earn significantly less.
- Almost invariably, people in the Northeast, in all job categories, are the highest earners. They are followed closely by those in the Far West, with the North central and South trailing both Coasts by a considerable margin.
- By age, the pattern is much as expected, with the exception of a small group of young ad sales managers in business publications who seem to be breaking the pattern in both salary and total compensation.

Methodology: Four hundred eight of the 1,143 advertising sales professionals who received questionnaires responded to FOLIO:'s sixth annual ad sales compensation survey, resulting in an overall response rate of 35.7 percent. Of the total responses, 386 (33.8 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in February. Participants were asked to supply data reflecting 1991 earnings; if exact figures were unavailable, they were asked to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation.

The sample was evenly divided among the four categories of ad sales professionals. Each category was also evenly divided between consumer and business publications. Finally, about two-thirds of the sample in each category (except branch/regional/ category managers) was drawn from magazines with circulations under 100,000, while roughly one-third came from those with circulations of more than 100,000.

The regions have been divided as follows:

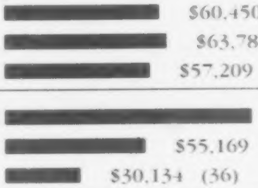


Ad sales director: Salary

Advertising sales director (in some cases may have the title of publisher): top ad sales executive; manages ad sales department; sets policies and procedures; is responsible for reaching goals and quotas; hires and trains personnel.

Ad sales directors charged with overseeing more than five staffers are rewarded with double the salary of their counterparts with no supervisory responsibilities.

Average salaries (The number of respondents is in parentheses.)



		% increase from '90 to '91
All respondents	$60,450 (106)	10.9%
Business	$63,787 (51)	10.9
Consumer	$57,209 (53)	11.3
Top one-third	$96,914 (35)	
Middle one-third	$55,169 (35)	
Bottom one-third	$30,134 (36)	

	Average	Average business	Average consumer
By region:			
Northeast	$72,196 (37)	$73,682 (17)	$70,933 (20)
South	48,029 (28)	47,021 (14)	49,036 (14)
North central	59,942 (23)	70,514 (16)	35,492 (6)
West	51,353 (17)	53,500 (4)	47,833 (12)
By sex:			
Male	$71,768 (57)	$78,448 (29)	$65,861 (27)
Female	47,285 (49)	44,460 (22)	48,225 (26)
By age:			
29 or less	$35,414 (16)	$28,353 (6)	$39,650 (10)
30-39	57,083 (38)	57,947 (19)	57,258 (18)
40 or more	70,614 (52)	76,231 (26)	64,198 (25)
By years in ad sales:			
Up to 3	$36,124 (9)	$23,373 (3)	$42,500 (6)
4-10	54,028 (53)	57,660 (25)	49,519 (27)
More than 10	72,479 (42)	74,595 (21)	72,005 (20)
By employees supervised:			
None/one	$36,537 (14)	$40,452 (10)	$26,750 (4)
2-5	50,284 (35)	57,436 (14)	45,918 (20)
More than 5	72,566 (57)	75,722 (27)	69,198 (29)
By ad revenue:*			
Up to $999,999	$41,724 (26)	$50,712 (10)	$36,013 (15)
1 million - $2,999,999	55,958 (38)	50,417 (18)	60,945 (20)
3 million - $19,999,999	73,922 (32)	81,605 (19)	60,833 (12)
20 million or more	99,333 (6)	103,000 (2)	97,500 (4)
By ad pages:*			
Up to 200	$44,888 (8)	$42,900 (4)	$34,167 (3)
201-499	48,608 (22)	47,552 (10)	50,577 (11)
500-999	63,223 (37)	61,237 (19)	65,319 (18)
1,000 or more	81,357 (21)	88,893 (14)	66,286 (7)
By frequency:*			
Weekly/biweekly	$57,786 (21)	$67,308 (13)	$42,313 (8)
Monthly	65,590 (69)	64,579 (33)	66,826 (34)
Other	41,781 (16)	49,400 (5)	38,318 (11)
By circulation:*			
Up to 19,999	$47,359 (19)	$46,708 (16)	$57,500 (2)
20,000-49,999	46,407 (22)	60,636 (11)	32,177 (11)
50,000-99,999	55,679 (24)	75,483 (12)	35,875 (12)
100,000-499,999	68,091 (29)	73,000 (10)	64,425 (18)
500,000 or more	96,909 (11)	93,000 (1)	97,300 (10)

***Refers to the largest revenue-producing magazine on which respondent works**

(CONTINUED ON PAGE 81)

(CONTINUED FROM PAGE 78)

Ad sales director: Total compensation

Average total compensation[†]
(The number of respondents is in parentheses.)

		% increase from '90 to '91
All respondents	$89,583 (94)	15.7%
Business	$92,630 (44)	16.5
Consumer	$86,327 (49)	15.9
Top one-third	$140,468 (31)	
Middle one-third	$80,827 (31)	
Bottom one-third	$48,769 (32)	

	Average	Average business	Average consumer
By region:			
Northeast	$112,020 (33)	$113,200 (15)	$111,036 (18)
South	71,710 (25)	72,458 (12)	71,018 (13)
North central	83,465 (18)	93,632 (13)	57,030 (5)
West	72,882 (17)	72,750 (4)	69,417 (12)
By sex:			
Male	$101,175 (53)	$106,019 (27)	$96,144 (26)
Female	74,598 (41)	71,366 (17)	75,230 (23)
By age:			
29 or less	$ 59,337 (14)	$ 50,844 (5)	$ 64,056 (9)
30-39	93,989 (32)	93,147 (17)	94,943 (15)
40 or more	95,466 (48)	101,727 (22)	89,176 (25)
By years in ad sales:			
Up to 3	$ 42,066 (7)	$31,110 (2)	$46,448 (5)
4-10	85,010 (49)	89,750 (24)	79,021 (24)
More than 10	102,397 (36)	99,063 (16)	105,065 (20)
By employees supervised:			
None/one	$ 57,340 (8)	$ 72,344 (5)	$ 32,333 (3)
2-5	69,993 (31)	73,846 (13)	67,211 (18)
More than 5	105,314 (55)	105,923 (26)	104,402 (28)
By ad revenue:*			
Up to $999,999	$ 62,839 (21)	$ 69,340 (8)	$ 58,838 (13)
1 million - $2,999,999	78,876 (33)	70,321 (14)	85,179 (19)
3 million - $19,999,999	103,484 (31)	110,079 (19)	91,045 (11)
20 million or more	173,500 (6)	190,500 (2)	165,000 (4)
By ad pages:*			
Up to 200	$ 61,688 (8)	$ 55,250 (4)	$ 52,500 (3)
201-499	69,656 (21)	73,802 (9)	66,546 (12)
500-999	96,195 (32)	93,906 (16)	98,484 (16)
1,000 or more	121,789 (19)	123,000 (12)	119,714 (7)
By frequency:*			
Weekly/biweekly	$97,486 (19)	$103,115 (13)	$85,290 (6)
Monthly	92,687 (59)	91,451 (26)	92,994 (32)
Other	68,750 (16)	71,500 (5)	67,500 (11)
By circulation:*			
Up to 19,999	$ 71,873 (14)	$ 71,518 (12)	$ 74,000 (2)
20,000-49,999	62,639 (19)	73,182 (11)	48,144 (8)
50,000-99,999	83,852 (22)	112,600 (10)	59,895 (12)
100,000-499,999	103,024 (27)	119,056 (9)	93,832 (17)
500,000 or more	134,818 (11)	100,000 (1)	138,300 (10)

†Salary plus bonus/commission; excludes people receiving salary only

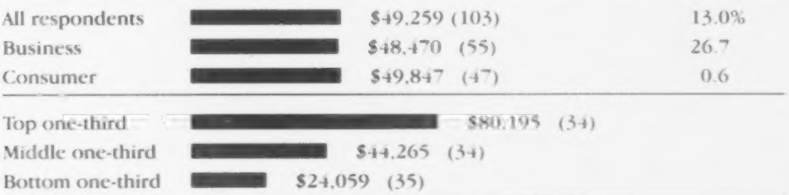
***Refers to the largest revenue-producing magazine on which respondent works**

> *The gap between the total compensation of male ad sales directors and their female colleagues is magnified on business titles where men outearn women by 49%; on the consumer side, men still fare 28% better.*

Ad sales manager: Salary

Ad sales manager: generally the second level of management in ad sales department: reports to director or publisher; has management but not policy responsibility for personnel within the department.

Average salaries (The number of respondents is in parentheses.)



	Average salary	% increase from '90 to '91
All respondents	$49,259 (103)	13.0%
Business	$48,470 (55)	26.7
Consumer	$49,847 (47)	0.6
Top one-third	$80,195 (34)	
Middle one-third	$44,265 (34)	
Bottom one-third	$24,059 (35)	

	Average		Average business		Average consumer	
By region:						
Northeast	$59,197	(50)	$60,257	(22)	$58,119	(27)
South	37,407	(15)	45,050	(10)	22,120	(5)
North central	38,458	(19)	37,880	(15)	40,625	(4)
West	43,265	(19)	40,188	(8)	45,503	(11)
By sex:						
Male	$54,853	(63)	$55,192	(34)	$54,455	(29)
Female	40,449	(40)	37,588	(21)	42,424	(18)
By age:						
29 or less	$47,846	(27)	$53,634	(19)	$34,100	(8)
30-39	50,861	(46)	43,316	(20)	56,665	(26)
40 or more	48,074	(30)	48,781	(16)	45,902	(13)
By years in ad sales:						
Up to 3	$43,775	(24)	$56,486	(14)	$25,980	(10)
4-10	45,823	(46)	43,539	(27)	49,068	(19)
More than 10	58,037	(33)	49,964	(14)	63,929	(18)
By employees supervised:						
None/one	$46,124	(43)	$49,188	(31)	$35,775	(11)
2-5	45,435	(41)	47,871	(19)	43,332	(22)
More than 5	64,605	(19)	46,300	(5)	71,143	(14)
By ad revenue:*						
Up to $999,999	$33,570	(29)	$29,653	(15)	$37,766	(14)
1 million - $2,999,999	49,682	(26)	58,951	(18)	28,825	(8)
3 million -$19,999,999	54,205	(22)	56,958	(12)	50,900	(10)
20 million or more	76,231	(13)	70,000	(2)	77,364	(11)
By ad pages:*						
Up to 200	$37,801	(20)	$33,083	(6)	$39,823	(14)
201-499	55,545	(20)	60,869	(16)	34,250	(4)
500-999	41,753	(21)	38,224	(9)	44,400	(12)
1,000 or more	59,828	(34)	54,038	(17)	65,618	(17)
By frequency:*						
Weekly/biweekly	$52,733	(19)	$53,556	(9)	$51,993	(10)
Monthly	51,765	(62)	48,699	(37)	56,304	(25)
Other	37,967	(21)	42,444	(9)	34,608	(12)
By circulation:*						
Up to 19,999	$32,736	(17)	$30,435	(15)	$50,000	(2)
20,000-49,999	49,661	(24)	61,846	(16)	25,291	(8)
50,000-99,999	46,385	(26)	50,529	(17)	38,556	(9)
100,000-499,999	43,224	(17)	51,560	(5)	39,750	(12)
500,000 or more	71,688	(16)	51,500	(2)	74,571	(14)

***Refers to the largest revenue-producing magazine on which respondent works**

> ***The salary payoff for ad sales managers on consumer books posting ad revenue of $3 million or more is a whopping 88% more than their peers on lower ad revenue consumer titles.***

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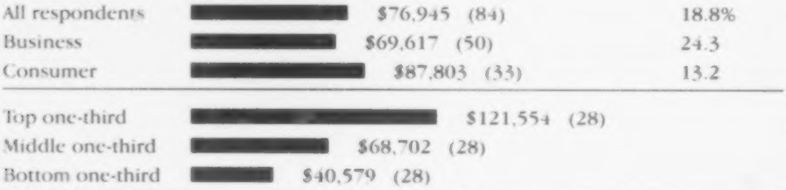
Ad sales manager: Total compensation

Average total compensation†

(The number of respondents is in parentheses.)



	Average total compensation†	% increase from '90 to '91
All respondents	$76,945 (84)	18.8%
Business	$69,617 (50)	24.3
Consumer	$87,803 (33)	13.2
Top one-third	$121,554 (28)	
Middle one-third	$68,702 (28)	
Bottom one-third	$40,579 (28)	

	Average		Average business		Average consumer	
By region:						
Northeast	$88,914	(40)	$85,183	(20)	$93,047	(19)
South	52,464	(11)	52,938	(8)	51,200	(3)
North central	61,844	(18)	56,657	(14)	80,000	(4)
West	81,100	(15)	70,063	(8)	93,714	(7)
By sex:						
Male	$84,616	(51)	$76,775	(31)	$96,770	(20)
Female	65,089	(33)	57,939	(19)	74,008	(13)
By age:						
29 or less	$75,502	(23)	$77,649	(17)	$69,417	(6)
30-39	77,469	(38)	65,941	(20)	90,278	(18)
40 or more	77,522	(23)	64,769	(13)	95,111	(9)
By years in ad sales:						
Up to 3	$75,800	(16)	$83,027	(11)	$ 59,900	(5)
4-10	70,420	(43)	64,817	(27)	79,875	(16)
More than 10	88,900	(25)	68,125	(12)	110,000	(12)
By employees supervised:						
None/one	$76,091	(31)	$73,051	(26)	$93,625	(4)
2-5	68,793	(36)	63,327	(20)	75,625	(16)
By ad revenue:*						
Up to $999,999	$ 46,221	(19)	$43,254	(13)	$ 52,650	(6)
1 million - $2,999,999	72,322	(24)	75,507	(18)	62,767	(6)
3 million - $19,999,999	84,056	(18)	82,000	(11)	87,286	(7)
20 million or more	114,769	(13)	99,500	(2)	117,545	(11)
By ad pages:*						
Up to 200	$63,278	(9)	$50,167	(3)	$ 69,833	(6)
201-499	73,070	(20)	76,619	(16)	58,875	(4)
500-999	65,472	(17)	53,128	(8)	76,444	(9)
1,000 or more	94,795	(31)	81,391	(17)	111,071	(14)
By frequency:*						
Weekly/biweekly	$84,529	(14)	$82,625	(8)	$87,067	(6)
Monthly	79,154	(55)	68,310	(35)	98,130	(20)
Other	60,107	(14)	61,286	(7)	58,929	(7)
By circulation:*						
Up to 19,999	$ 52,155	(13)	$ 50,668	(12)	$ 70,000	(1)
20,000-49,999	72,081	(19)	76,159	(16)	50,333	(3)
50,000-99,999	75,571	(21)	75,188	(16)	76,800	(5)
100,000-499,999	75,653	(15)	67,260	(5)	79,850	(10)
500,000 or more	110,286	(14)	115,000	(1)	109,923	(13)

†Salary plus bonus/commission; excludes people receiving salary only

***Refers to the largest revenue-producing magazine on which respondent works**

The earning power of ad sales managers on books with $3 million or more in ad revenue is 59% higher in total compensation than those on titles with ad revenues under $3 million.

(CONTINUED ON PAGE 88)

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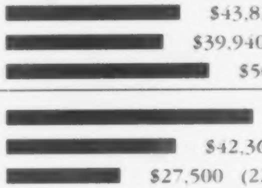
Branch/regional/category manager: Salary

Branch/regional/category manager: responsible for selling ad pages to accounts from specific categories (liquor, tobacco, cosmetics, etc.); or to accounts in specific regions. May supervise some staff.

Average salaries (The number of respondents is in parentheses.)



		% increase from '90 to '91
All respondents	$43,823 (65)	5.6%
Business	$39,940 (42)	7.5
Consumer	$50,913 (23)	3.0
Top one-third	$62,452 (21)	
Middle one-third	$42,364 (22)	
Bottom one-third	$27,500 (22)	

	Average		Average business		Average consumer	
By region:						
Northeast	$48,473	(37)	$44,395	(19)	$52,778	(18)
South	32,400	(5)	33,000	(4)	30,000	(1)
North central	37,438	(16)	35,308	(13)	46,667	(3)
West	42,000	(7)	40,500	(6)	51,000	(1)
By sex:						
Male	$42,616	(43)	$40,411	(28)	$46,733	(15)
Female	46,182	(22)	39,000	(14)	58,750	(8)
By age:						
29 or less	$37,714	(14)	$37,750	(8)	$37,667	(6)
30-39	42,842	(38)	38,720	(25)	50,769	(13)
40 or more	53,269	(13)	45,278	(9)	71,250	(4)
By years in ad sales:						
Up to 3	$35,875	(16)	$35,857	(7)	$35,889	(9)
4-10	43,758	(33)	39,130	(23)	54,400	(10)
More than 10	51,906	(16)	43,875	(12)	76,000	(4)
By employees supervised:						
None/one	$41,384	(56)	$39,077	(39)	$46,676	(17)
2-5	57,625	(8)	51,167	(3)	61,500	(5)
More than 5	70,000	(1)	0	(0)	70,000	(1)
By ad revenue:*						
Up to $999,999	$37,875	(4)	$41,667	(3)	$26,500	(1)
1 million - $2,999,999	33,971	(17)	32,714	(14)	39,833	(3)
3 million - $19,999,999	45,117	(30)	44,325	(20)	46,700	(10)
20 million or more	56,833	(6)	59,000	(1)	56,400	(5)
By ad pages:*						
Up to 499	$36,591	(11)	$37,571	(7)	$34,875	(4)
500-999	43,280	(25)	40,531	(16)	48,167	(9)
1,000 or more	48,476	(21)	42,462	(13)	58,250	(8)
By frequency:*						
Weekly/biweekly	$44,818	(11)	$39,889	(9)	$67,000	(2)
Monthly	44,470	(50)	40,109	(32)	52,222	(18)
Other	33,000	(4)	35,000	(1)	32,333	(3)
By circulation:*						
Up to 19,999	$30,000	(3)	$30,000	(3)	$ 0	(0)
20,000-49,999	43,375	(16)	43,375	(16)	0	(0)
50,000-99,999	37,219	(16)	37,933	(15)	26,500	(1)
100,000-499,999	40,389	(18)	40,563	(8)	40,250	(10)
500,000 or more	58,182	(11)	0	(0)	58,182	(11)

***Refers to largest revenue-producing magazine on which respondent works**

The Far West is catching up to the Northeast, which pays out the highest salaries. Branch/regional/category managers in the West make 87% of their Northeastern peers' wages.

ranch/regional/category
anager: Total compensation

erage total compensation† ː number of respondents is in parentheses.)		% increase from '90 to '91
espondents	$70,910 (61)	13.6%
iness	$66,855 (38)	11.6
sumer	$77,609 (23)	16.6
one-third	$100,060 (20)	
dle one-third	$67,965 (20)	
tom one-third	$45,952 (21)	

	Average	Average business	Average consumer
egion:			
theast	$73,972 (36)	$70,222 (18)	$ 77,722 (18)
th	58,500 (4)	66,333 (3)	35,000 (1)
th central	67,100 (15)	63,042 (12)	83,333 (3)
t	70,333 (6)	64,200 (5)	101,000 (1)
sex:			
e	$69,280 (41)	$66,942 (26)	$73,333 (15)
ale	74,250 (20)	66,667 (12)	85,625 (8)
age:			
r less	$58,500 (12)	$66,667 (6)	$ 50,333 (6)
9	69,917 (36)	65,174 (23)	78,308 (13)
r more	85,115 (13)	71,278 (9)	116,250 (4)
years in ad sales:			
to 3	$56,733 (15)	$61,833 (6)	$ 53,333 (9)
)	76,281 (32)	72,273 (22)	85,100 (10)
e than 10	73,821 (14)	57,950 (10)	113,500 (4)
employees supervised:			
e one	$68,712 (52)	$66,729 (35)	$72,794 (17)
	82,813 (8)	68,333 (3)	91,500 (5)
e than 5	90,000 (1)	0 (0)	90,000 (1)
ad revenue:*			
to $999,999	$51,333 (3)	$ 60,750 (2)	$32,500 (1)
illion - $2,999,999	56,063 (16)	55,423 (13)	58,833 (3)
illion - $19,999,999	75,293 (29)	73,974 (19)	77,800 (10)
million or more	96,667 (6)	134,000 (1)	89,200 (5)
ad pages:*			
to 499	$54,722 (9)	$59,000 (5)	$49,375 (4)
-999	65,729 (24)	61,133 (15)	73,389 (9)
00 or more	86,929 (21)	82,346 (13)	94,375 (8)
frequency:*			
kly/biweekly	$72,500 (10)	$72,000 (8)	$74,500 (2)
thly	71,521 (47)	65,328 (29)	81,500 (18)
er	59,750 (4)	70,000 (1)	56,333 (3)
circulation:*			
to 19,999	$40,000 (3)	$40,000 (3)	$ 0 (0)
00-49,999	68,346 (13)	68,346 (13)	0 (0)
00-99,999	67,719 (16)	70,067 (15)	32,500 (1)
,000-499,999	68,735 (17)	68,714 (7)	68,750 (10)
,000 or more	86,636 (1	0 (0)	86,636 (11)

efers to largest revenue-producing [illegible] on which respondent works

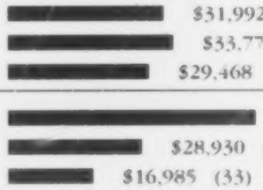
lary plus bonus/commission; excludes p[illegible]le receiving salary only

Women outdistance male branch/regional/ category managers by a full 17% in total compensation on consumer titles, while achieving parity on business books.

Ad sales person: Salary

Advertising sales person (may be called account executive): calls on clients and agencies; makes presentations; maintains current accounts; develops new accounts.

Average salaries (The number of respondents is in parentheses.)



		% increase from '90 to '91
All respondents	$31,992 (99)	7.9%
Business	$33,776 (58)	6.9
Consumer	$29,468 (41)	9.4
Top one-third	$50,061 (33)	
Middle one-third	$28,930 (33)	
Bottom one-third	$16,985 (33)	

	Average	Average business	Average consumer
By region:			
Northeast	$35,171 (40)	$35,513 (24)	$34,658 (16)
South	29,323 (18)	29,391 (9)	29,256 (9)
North central	28,288 (20)	32,543 (14)	18,358 (6)
West	32,260 (20)	36,500 (10)	28,020 (10)
By sex:			
Male	$36,375 (42)	$37,250 (30)	$34,188 (12)
Female	28,762 (57)	30,054 (28)	27,515 (29)
By age:			
29 or less	$24,728 (38)	$25,889 (18)	$23,684 (20)
30-39	37,921 (34)	38,879 (24)	35,620 (10)
40 or more	34,785 (26)	35,074 (15)	34,391 (11)
By years in ad sales:			
Up to 3	$26,852 (54)	$27,445 (29)	$26,163 (25)
4-10	34,100 (32)	37,186 (22)	27,310 (10)
More than 10	48,154 (13)	49,286 (7)	46,833 (6)
By employees supervised:			
None/one	$31,992 (99)	$33,776 (58)	$29,468 (41)
By ad revenue:*			
Up to $999,999	$23,481 (21)	$24,671 (7)	$22,886 (14)
1 million - $2,999,999	28,275 (24)	30,689 (16)	23,448 (8)
3 million - $19,999,999	37,752 (31)	40,147 (19)	33,958 (12)
20 million or more	59,200 (5)	44,500 (2)	69,000 (3)
By ad pages:*			
Up to 200	$24,289 (9)	$17,000 (2)	$26,371 (7)
201-499	25,625 (12)	27,640 (5)	24,186 (7)
500-999	30,474 (29)	31,391 (20)	28,437 (9)
1,000 or more	42,466 (22)	46,000 (12)	38,225 (10)
By frequency:*			
Weekly/biweekly	$39,424 (19)	$40,379 (14)	$36,750 (5)
Monthly	31,758 (58)	32,780 (34)	30,310 (24)
Other	26,191 (22)	27,920 (10)	24,750 (12)
By circulation:*			
Up to 19,999	$23,154 (13)	$23,800 (10)	$21,000 (3)
20,000-49,999	27,971 (28)	32,200 (18)	20,360 (10)
50,000-99,999	34,337 (29)	38,041 (20)	26,106 (9)
100,000-499,999	33,681 (19)	42,625 (8)	27,175 (11)
500,000 or more	44,730 (10)	19,800 (2)	50,963 (8)

***Refers to the largest revenue-producing magazine on which respondent works**

Experience pays. Ad sales people with over 10 years in the business earn almost 80% more in wages than those with three years or less.

(CONTINUED ON PAGE 92)

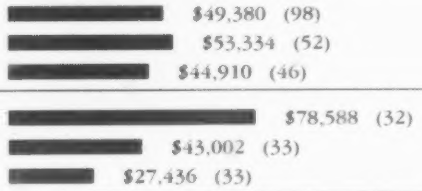
(CONTINUED FROM PAGE 90)

Ad sales person: Total compensation

> **A** *good 60% more in total compensation is doled out to ad sales people on titles with more than $3 million in ad revenue than to those on lower revenue magazines.*

Average total compensation†

(The number of respondents is in parentheses.)



	Average total compensation†	% increase from '90 to '91
All respondents	$49,380 (98)	10.5%
Business	$53,334 (52)	8.5
Consumer	$44,910 (46)	13.2
Top one-third	$78,588 (32)	
Middle one-third	$43,002 (33)	
Bottom one-third	$27,436 (33)	

	Average	Average business	Average consumer
By region:			
Northeast	$53,589 (35)	$54,395 (21)	$52,381 (14)
South	46,183 (22)	53,057 (9)	41,423 (13)
North central	41,332 (19)	45,882 (13)	31,475 (6)
West	52,890 (21)	63,188 (8)	46,554 (13)
By sex:			
Male	$60,147 (39)	$62,856 (25)	$55,311 (14)
Female	42,263 (59)	44,518 (27)	40,360 (32)
By age:			
29 or less	$35,675 (41)	$38,353 (17)	$33,778 (24)
30-39	56,178 (34)	56,807 (23)	54,864 (11)
40 or more	64,578 (22)	69,911 (11)	59,245 (11)
By years in ad sales:			
Up to 3	$38,749 (54)	$39,914 (26)	$37,667 (28)
4-10	55,385 (33)	63,405 (20)	43,046 (13)
More than 10	83,555 (11)	77,917 (6)	90,320 (5)
By employees supervised:			
None/one	$49,380 (98)	$53,334 (52)	$44,910 (46)
By ad revenue:*			
Up to $999,999	$37,848 (22)	$32,192 (5)	$39,512 (17)
1 million - $2,999,999	43,754 (22)	47,358 (14)	37,448 (8)
3 million - $19,999,999	60,537 (30)	66,828 (18)	51,100 (12)
20 million or more	93,600 (5)	87,000 (2)	98,000 (3)
By ad pages:*			
Up to 200	$34,750 (12)	$40,000 (3)	$33,000 (9)
201-499	45,090 (10)	58,200 (3)	39,471 (7)
500-999	47,640 (30)	46,751 (19)	49,175 (11)
1,000 or more	65,066 (22)	71,292 (12)	57,595 (10)
By frequency:*			
Weekly/biweekly	$65,809 (17)	$68,275 (12)	$59,890 (5)
Monthly	47,732 (60)	49,741 (31)	45,584 (29)
Other	40,790 (21)	45,789 (9)	37,042 (12)
By circulation:*			
Up to 19,999	$35,708 (12)	$35,643 (7)	$35,800 (5)
20,000-49,999	44,626 (27)	47,059 (17)	40,490 (10)
50,000-99,999	49,756 (31)	56,041 (19)	39,804 (12)
100,000-499,999	56,146 (18)	81,071 (7)	40,285 (11)
500,000 or more	65,280 (10)	45,800 (2)	70,150 (8)

†Salary plus bonus/commission; excludes people receiving salary only

***Refers to the largest revenue-producing magazine on which respondent works**

(CONTINUED ON PAGE 94)

(CONTINUED FROM PAGE 92)

Ad sales directors did far better this year than last, increasing bonuses/commissions an average of 38.9%—or about one-third better than managers of all types, and receiving twice as much as ad sales people.

Range of average bonus/commission

Ad sales director:

Top one-third $57,484 (31)

Middle one-third $21,452 (31)

Bottom one-third $8,589 (32)

Ad sales manager:

Top one-third $48,536 (28)

Middle one-third $22,400 (28)

Bottom one-third $9,339 (28)

Branch/regional/manager:

Top one-third $52,950 (20)

Middle one-third $21,950 (29)

Bottom one-third $7,143 (21)

Ad sales person:

Top one-third $39,109 (32)

Middle one-third $17,303 (33)

Bottom one-third $5,229 (33)

Average annual bonus/commission

Average bonus/commission (The number of respondents is in parentheses.)		**% increase from '90 to '91**
Ad sales director	$28,956 (94)	38.9%
Ad sales manager	$26,758 (84)	32.2
Branch/regional manager	$27,016 (61)	29.9
Ad sales person	$20,358 (98)	17.6

	Ad sales director	Ad sales manager	Branch/ regional manager	Ad sales person
By magazine:				
Consumer	$28,652 (49)	$35,430 (33)	$26,696 (23)	$19,665 (46)
Business	29,270 (44)	21,170 (50)	27,211 (38)	20,970 (52)
By region:				
Northeast	$41,133 (33)	$28,018 (40)	$25,736 (36)	$16,563 (35)
South	21,870 (25)	15,455 (11)	25,250 (4)	22,191 (22)
North central	20,650 (18)	25,222 (18)	29,833 (15)	17,087 (19)
Western	23,294 (17)	33,533 (15)	28,833 (6)	27,262 (21)
By sex:				
Male	$30,538 (53)	$28,906 (51)	$26,951 (41)	$27,154 (39)
Female	26,911 (41)	23,439 (33)	27,150 (20)	15,865 (59)
By age:				
29 or less	$22,921 (14)	$24,552 (23)	$20,250 (12)	$13,341 (41)
30-39	35,422 (32)	27,882 (38)	27,528 (36)	22,755 (34)
40-49	25,620 (37)	33,353 (17)	31,643 (7)	26,450 (12)
50 or more	29,045 (11)	9,417 (6)	32,083 (6)	34,500 (10)
By years in ad sales:				
Up to 3	$ 8,020 (7)	$23,563 (16)	$20,400 (15)	$14,270 (54)
4-10	30,480 (49)	26,586 (43)	32,406 (32)	26,636 (33)
More than 10	29,797 (36)	29,100 (25)	21,786 (14)	31,409 (11)
By employees supervised:				
None	$ 8,500 (3)	$27,450 (20)	$28,686 (43)	$20,042 (96)
One	26,900 (5)	23,636 (11)	21,444 (9)	35,500 (2)
2-5	18,737 (31)	24,631 (36)	25,188 (8)	0 (0)
More than 5	36,018 (55)	32,471 (17)	20,000 (1)	0 (0)
By ad revenue:*				
Up to $999,999	$20,338 (21)	$17,089 (19)	$14,167 (3)	$19,230 (22)
1 million -$2,999,999	23,061 (33)	23,417 (24)	22,781 (16)	18,568 (22)
3 million -$4,999,999	38,794 (17)	17,700 (5)	30,000 (8)	24,467 (15)
5 million or more	41,900 (20)	36,192 (26)	32,815 (27)	26,490 (20)
By ad pages:*				
Up to 499	$21,866 (29)	$20,310 (29)	$19,444 (9)	$17,882 (22)
500-999	30,891 (32)	25,659 (17)	23,021 (24)	20,349 (30)
1,000 or more	43,184 (19)	35,016 (31)	38,452 (21)	24,259 (22)
By frequency:*				
Weekly/biweekly	$38,144 (19)	$31,586 (14)	$27,200 (10)	$27,571 (17)
Monthly	26,536 (59)	27,718 (55)	27,000 (47)	20,133 (60)
Other	26,969 (16)	18,643 (14)	26,750 (4)	15,162 (21)
By circulation:*				
Up to 49,999	$18,003 (33)	$20,319 (32)	$21,906 (16)	$19,454 (39)
50,000-99,999	32,511 (22)	27,048 (21)	30,500 (16)	20,134 (31)
100,000-499,999	36,685 (27)	32,467 (15)	28,618 (17)	22,594 (18)
500,000 or more	37,909 (11)	36,071 (14)	28,455 (11)	20,550 (10)

***Refers to the largest revenue-producing magazine on which respondent works**

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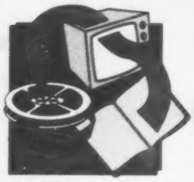

Crafting cross-media deals

Beating the newsstand blues

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Holding the line on rate cards

CRITICAL ISSUES IN MAGAZINE PUBLISHING

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A SPECIAL BONUS TO HELP YOU BOOST REVENUE AND CUT COSTS!

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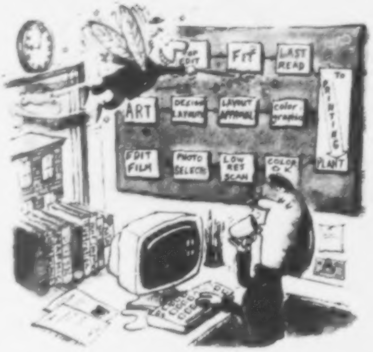

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ABP The Audit Bureau MPA

Unemployed face 'brutal' market

By Tony Silber

"Betty" is 46 years old and had been an ad sales person for 10 years, most recently at a major Hearst title. "My best year was in 1989, when I made $71,000," she says. "I had stars in my eyes and said, 'Hey, I'm going to hit six figures.' "

But Betty (not her real name), fell victim to a restructuring last March. Now she's working for a temp firm as a "Susie Secretary" making about $10,000. "I'm a good and talented and capable salesperson," she says. "Now I'm out of work. What's wrong with this picture?"

What's wrong is that the magazine industry is hemorrhaging. During the past 18 months, hundreds of people have been cast out of work as the advertising slump continues and magazines of all kinds close down or cut back.

Consider some recent events: *New England Living* suspended in August, laying off 22. Time Inc. Magazine Co., the world's largest magazine publisher, is expected to lay off 35 to 40 *Time* editorial staffers soon. Cleveland-based Penton Publishing announced it has reduced its staff by 70 (*see page 18*). And Family Media's closing August 7 put 209 employees on the streets.

For many of those out of work, the prospects for immediate re-employment in the industry are dim.

"It's the worst I've ever seen it," says Edward Koller, president of the Howard-Sloan-Koller Group. "I've been recruiting for 20 years, and it's unbelievable out there."

James Tenser, executive editor of *VisionMonday* and president of the New York Business Press Editors, a 20-year-old trade group with about 150 members, says senior-level people out of work now are in a "brutal" situation, as institutionalized age discrimination and the national recession converge to drive them out.

No one knows when the layoffs will stop, says Cahners' McDermott.

JOHN MOTTERN

"If you were at $50,000 or $60,000 in a high-level staff job, your chances are very slight," he says.

The U.S. Bureau of Labor Statistics keeps employment figures that confirm the publishing field is shrinking. In 1988, there were about 130,000 jobs in the periodicals industry, which includes magazines, comic books, statistical reports and television schedules. In 1990, that number was 129,100; through June 1991, that number declined to 126,800.

"There are as many [unemployed] people out there now as there were in '74-'75, and '81-'82," says Terrence M. McDermott, president of the Cahners Magazine Co., referring to previous recessions. "You're seeing the classic bottom of the cycle." Cahners laid off about 200 people earlier in the year.

For unemployed magazine staffers, the competition is stiffer than ever. "Two years ago, if someone ran an ad, they got 25 to 30 resumes," Koller

(CONTINUED ON NEXT PAGE)

Teen titles take tumble in circulation game

Fickle readers blamed for sharp declines

By Tony Silber

Newsstand circulation is a high-risk endeavor for teen magazines, whose success traditionally has been closely linked to that of the teenybopper singers and bands they cover. And this year, the teen magazines have followed the fortunes of the New Kids on the Block—taking a dizzying plunge from the penthouse toward the outhouse.

In addition, the teen titles—which are largely dependent on newsstand sales—have been further hit by the malaise afflicting newsstand performance industry wide.

Their decline is stunning indeed. Four of the top five circulation gainers for the first half of 1990—*Super Teen*, *Teen Machine*, *16 Magazine* and *Teen Beat*—now find themselves among the top five losers for the same period this year, according to the Audit Bureau of Circulations' Fas-Fax.

"Never have I seen that many [teen magazines have such a dramatic turnaround] in a six-month period," says Dan Capell, editor of "Capell's Circu-

(CONTINUED ON PAGE 19)

Teen tumble

(CONTINUED FROM PAGE 17)

lation Report." "So, yeah, I'd call it incredible."

The teen magazines have always had greater swings than any other magazine category, says newsstand circulation consultant Ron Scott. "The kids are fickle," he says. "You know there are going to be times that you're making money so fast you don't have time to count it. The trick is to know when to cut back before the field dies."

The dismal performance of the teen titles anchored the generally lackluster performance of magazines in the first half of 1991, as represented by Fas-Fax. Total circulation of the 570 members of ABC who reported their figures was about 434.2 million, up about 2 percent from 1990's 425 million. Total subscriptions increased too, by about 4 percent, from 323.3 million to 336.2 million.

Overall decline

Newsstand sales—already in a slump exacerbated by the recession—declined by about 4 percent, from 101.7 million in the first half of 1990 to 98 million in the first six months of 1991. "I think it could very well be the worst newsstand performance in history," says Capell. "You've got 61 percent reporting newsstand losses. The worst prior to that is 55 percent, a couple of times. More amazing is that 45 percent showed loses in total circulation, which is the worst since December '86."

Scott, however, doesn't think things are as bad as Capell suggests. "Newsstand sales are not much worse than the trend that's been continuing for 10 years—that readers want magazines with more specialization." Because of that, Scott says, new narrow-niche magazines emerge along with special issues of existing magazines. Consequently, the universe of magazines outside those audited by ABC expands, and the real state of the newsstand market is not reflected in Fas-Fax, Scott maintains. (*For more on this subject, see "Newsstands, will they ever be the same?" page 76.*)

"This year, it looks like overall unit sales are down," Scott acknowledges, "which is part of the response to a recession. I don't see that as a long-term trend."

Scott says that the thinness of some magazines during the advertising slump causes casual readers not to buy at the newsstand. He also notes that 12 years ago, there were perhaps 10 magazines available at the check-out counter, and now there are about 40. "The number of people may have increased by 50 percent," Scott says. "But their choices increased by 400 percent. The pie's being split up." ■

The top U.S. circulation gainers and losers

(First half of 1991)

Magazine	Jan-Jun 1990	Jan-Jun 1991	% change
Wildbird	49,742	109,927	+121
Creative Classroom	110,208	190,103	+72.5
Men's Health	243,810	393,887	+61.5
Sport Truck	79,118	125,989	+59.2
Country Folk Art	147,824	226,495	+53.2
Mountain Bike Action	51,391	76,108	+48.1
Country America	471,525	693,510	+47.1
North American Fisherman	107,828	157,891	+46.4
Spin	214,368	300,239	+40.1
PC/Computing	506,490	702,849	+38.8

Magazine	Jan-Jun 1990	Jan-Jun 1991	% change
Super Teen	264,343	88,732	–66.4
Teen Machine	145,684	55,690	–61.8
Bop	363,834	171,156	–53.0
16 Magazine	226,653	117,364	–48.2
Teen Beat	292,492	168,753	–42.3
Circus	217,056	150,085	–30.9
Country Journal	289,326	203,333	–29.7
T.V.Y Novelas-USA	76,315	55,743	–27.0
McCalls Needlework and Crafts	511,015	373,964	–26.8
Incider A+	153,142	112,812	–26.3

Source: Audit Bureau of Circulations

JULIE MCWILLIAMS

Teen magazines, the top circulation winners in the first half of 1990, are the biggest losers in 1991—a result of overall newsstand sales declines and a lack of teen idols.

Segel, Reed exec, mourned as 'giant'

Ronald G. Segel will be remembered as a great publishing leader who helped guide Cahners Publishing Co. to its position as the country's largest business magazine company, say friends and colleagues.

Segel, the chairman and CEO of Reed Publishing (USA) Inc., the $1.3 billion communications conglomerate and parent company of Cahners Publishing Co., died of lung cancer in Boston on August 30. He was 56.

"He was a giant," says John Emery, president of American Business Press. "It's been a particularly tough year for us," he added, recalling the recent death of former Edgell Communications chairman Robert Edgell.

Segel, a graduate of Harvard College and the Harvard Business School, joined Cahners Publishing Co. in 1971 as vice president of finance. He was named president and COO of Cahners and Reed Publishing (USA) Inc. in 1985. He was appointed chairman and CEO in 1989, and was named deputy chief executive of the parent company, Reed International P.L.C. of London, in 1990.

Ronald G. Segel

Robert L. Krakoff, the president and COO of Reed Publishing (USA) and Cahners Publishing Co., had been performing Segel's duties during his illness. The company had not announced a successor at press time.

Segel is survived by his wife, Roberta; his mother; a brother and sister; three children; and three grandchildren. Contributions may be made in his memory to the Clinical Cancer and Blood Disease Endowment, Beth Israel Hospital, 330 Brookline Ave., Boston, MA, 02215.—*Tony Silber*

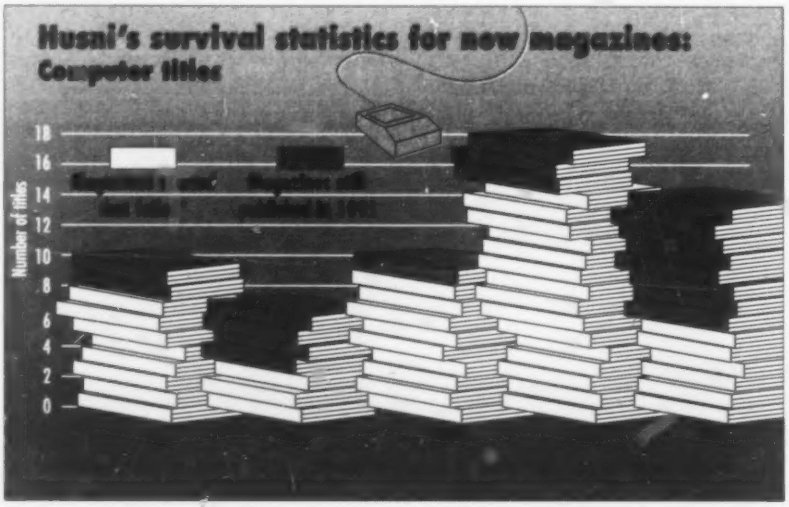
How magazines are born

By Samir Husni

If you think new magazine launches have a high mortality rate, just think about the fragility of the *idea* for a new magazine: New magazine ideas have about 10 times less of a chance for survival than start-ups. And that's about what it should be.

"Ideas come by the dozen," says David Jordan, editor in chief of *Better Homes and Gardens*, "and they are worth a dime." Most often a new magazine is a brainchild of an enthusiast, zealot or visionary unfamiliar (and unfettered by) the formulas or guidelines of the magazine publishing business. While this kind of isolation from the conventions of publishing is often a suitable environment for the creation of something unique, when it comes to the execution of the idea, the gentle application of some of the principles of publishing are necessary to nurture a fragile idea into a successful prototype. So, how does this seed grow and what is its germination process?

First, one should know that his or her new magazine is rarely alone in the marketplace of ideas. Almost every day calls and letters arrive at the offices of major magazine publishers with proposals for "the best magazine idea yet to be published." Eric Schrier, who started *Hippocrates* (now *In Health*) in 1986 and has since sold it to Time Warner, is now reviewing ideas for Time Publishing Ventures, a subsidiary of the publishing giant that looks into new magazine projects. Speaking at the recent Stanford Professional Publishing



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LETTERS

Disillusioned trade editor

Richard O'Connor's article reminded me of my own situation—except that the story endings are entirely different. (*See "Why trades get no respect,* FOLIO:, *August 1, 1991, page 79.*) Whereas O'Connor's publisher was flexible and caring enough to give him a chance to succeed or fail, my publisher is completely inflexible, terrified of change, and weighs expenditures solely on the basis of whether or not they will produce immediate advertising results. (For example: No research on our industry to share with advertisers. "Prove to me that we can sell some advertising, and then we'll do the research," he says.

My publisher has taken the art of rejection to new heights. For example, unlike O'Connor's publisher, who stopped at asking, "Why fix something that's not broken?" my publisher takes it a step further by stating, "That's a good idea . . . but it won't work in this industry."

His is an interesting concept; four-color covers, four-color editorial, good graphics, strong writing, extensive industry research, etc., are good ideas for other industries, but not for ours.

You gotta hand it to him. His responses are designed to stop any discussion about magazine improvement.

And they work! In all the fields we cover, we're not first in any of them and last in one.

It isn't very difficult to figure out why trades get no respect.

Name and affiliation
withheld by request

Aggressively fighting advertising fraud

I want to thank both FOLIO: and Lisa Fried for the nice job you did on reporting the story regarding the problem of fraudulent advertising agencies. (*See "Advertiser indicted in fraud case,"* FOLIO:, *August 1, 1991, page 15.*)

Until now, the magazine credit community has been fighting a losing battle against fraudulent advertisers. On July 3, 1991, we finally won one when a Federal Grand Jury indicted a well-known fraudulent advertiser with 17 counts of mail fraud.

Thanks to the U.S. Postal Service, it appears the tide has begun to turn. We now have a very powerful and effective compatriot in our fight against fraudulent advertisers. From this point on, the magazine credit community is going to take an offensive stance against fraudulent advertisers, and the MCA will aggressively track all known offenders and ultimately put them in jail.

I would like to convey a brief and simple message to all those other fraudulent advertising agencies who have had their way with the magazine industry in the past: "We know who you are and you're next—the party is over!"

P.S. The only thing I would like to add to your news story is that Russell Levitt, the gentleman the Postal Authoritiy apprehended, is out on $100,000 bond, and is not permitted to leave the tri-state area.

James E. Van Meter
Vice President
Media Credit Association

Where credit is due

In an article about Carl Portale (*see* FOLIO:, *July 1, 1991, "Portale takes on* Harper's Bazaar,*" page 38*) you report that he "launched" *European Travel & Life*.

In fact, the magazine was launched by Mark Inabnit, whose idea it was and who financed its early publication. Mr. Inabnit discussed his ideas with me in the winter of 1984, and I served as the magazine's editorial consultant up to the publication of the prototype issue in May 1985. During that period, Carl Portale joined the magazine as publisher and did a terrific job of launching its advertising sales.

John Fry
Editor
Snow Country

They're all stars

Your August FOLIO: edition features eight "Circulation All-Stars" (*see page 60*). I am pleased to note a strong ABC affiliation with five of these designated industry leaders.

Bert Lacy of Ziff-Davis has served on ABC's board since 1986. Serving on ABC's Magazine Directors Advisory Committee are Bob Kaslik of Rodale Press, Susan Allyn of *Bon Appetit*, Peter Armour of Conde Nast and Gene Ferrone of Hearst.

On behalf of the Audit Bureau of Circulations, I congratulate you and your readers on a wise choice of individuals, who, we, too, consider to be "all stars" of the media industry.

M. David Keil
President and Managing Director
Audit Bureau of Circulations

Clarification

The estimated 1991 ad revenue totals appearing in a chart with "Boating titles swamped by luxury tax" (September, page 28) apply to display advertising only. The correct revenue estimates should have read: *Boating*, $9,779,599; *Motor Boating & Sailing*, $6,345,302; *Power & Motoryacht*, $8,398,981; *Yachting*, $8,130,534; *Salt Water Sportsman*, $4,311,092.

Coming in November FOLIO:

Need-to-know information for magazine management

In the second half of our series on the magazine industry's critical issues, top magazine experts will address:

- How desktop publishing changes the balance of power between departments and between individuals.
- 25 surprising ways to cut costs without cutting quality.
- Why editorial excellence still pays off—with advertisers as well as readers.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

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196-201, 211-213, 215-218,

229-240, 25[illegible]-258, 268-271,

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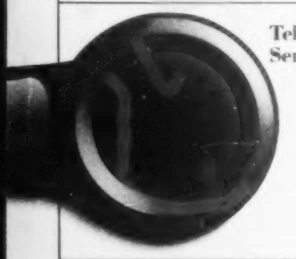
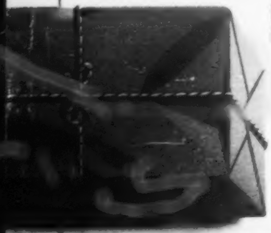
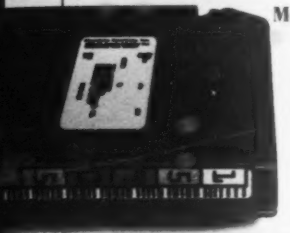
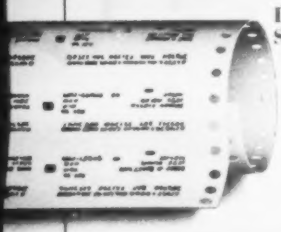
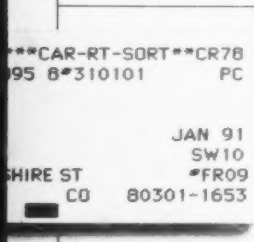



Subscription Fulfillment	*Consumer, controlled circulation, and international* *Co-mailing and selective binding* *Combination order processing and billing* *Circulation modeling & life-cycle tracking* *Till-forbid processing*
Telemedia Services	*Outbound and inbound (800/900) telemedia services* *Scripting, order entry, customer service* *ISDN & predictive dialing* *Interactive voice-response systems* *24 hours a day, 7 days a week*
Product/Premium Fulfillment	*Pick, Pac 'N Ship* *Distribution & inventory control* *Cashiering and order entry* *Credit card processing* *Customer inquiry service*
Book Fulfillment	*Credit card/installment billing* *Annual, one shot, negative option, continuity* *Distribution services & inventory control* *Bulk mail center processing* *Lettershop services*
Merge/Purge	*Group 1 software* *Instant number assignment* *DMA suppression files* *12 matching options* *Multi-buyer identification*
Direct Marketing Services	*Bindery distribution/Prep-processing* *List rental selection* *Database management* *Lettershop services* *Multi-market database composition*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HIRE ST       *FR09
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Folio:

SOURCE BOOK

The annual publishing resource and suppliers guide

$35.00

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Folio:
SOURCE BOOK 1992

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Take the FOLIO: Sourcebook's 20-question magazine publishing quiz, and test your knowledge of the industry.

Then check your responses with the answers at the end of the test--and rate your expertise.

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Circulation special report

Squeezing more dollars out of your circulation

More than ever, magazines are positioning their circulation departments to generate more profits. Here's a look at how publishers are squeezing more dollars out of a more efficient, more streamlined operation.

The results of FOLIO:'s survey of circulation executives:

Improving the profitability odds

% of circulators using these strategies

Selling active lists to direct mailers	81.7%
Streamlining through improved technology	76.8%
Reducing/eliminating unprofitable circ sources	76.8%
Increasing subscription price	74.4%
Exchanging active lists with competitors	50.0%
Reducing/eliminating gracing, comp or promo copies	41.5%
Reducing/eliminating subscriber discounts	28.0%
Cutting staff	24.4%

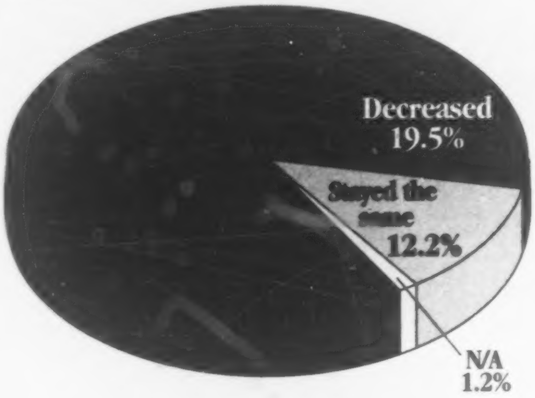
***The computer revolution strikes again**. Three-quarters of our circulators reported using new technology to trim fat from their departments.*

METHODOLOGY

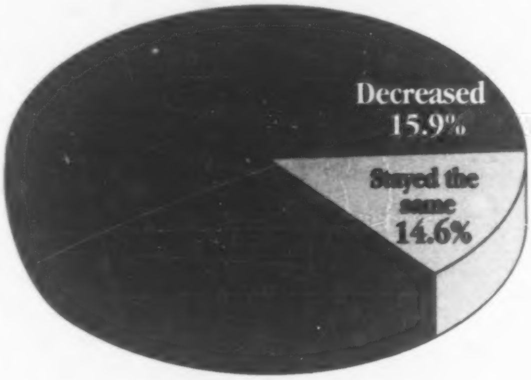
Of the 489 circulation executives who received questionnaires, 85 percent responded, resulting in an 18 percent overall response. Of these, 82 contained sufficient information to be tabulated.

The circulation ledger

Total circulation revenues in 1990:

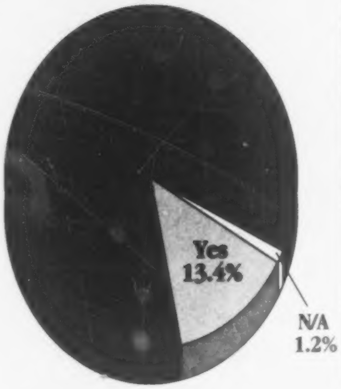


Total circulation expenses in 1990:



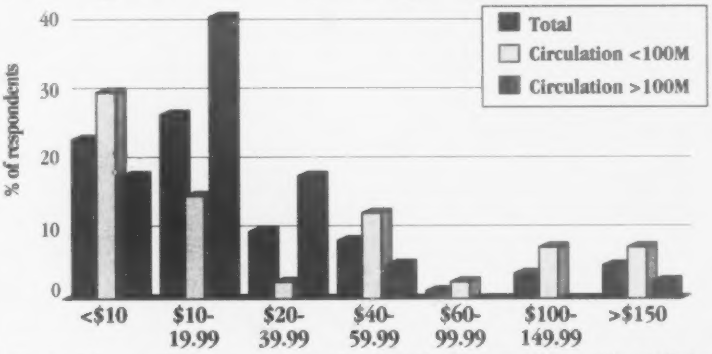
***First the good news**. Fully two-thirds of our respondents reported increases in circulation revenues. The bad news? Two-thirds also indicated increased expenses.*

Have you tested or instituted 'till forbid' automatic billing?



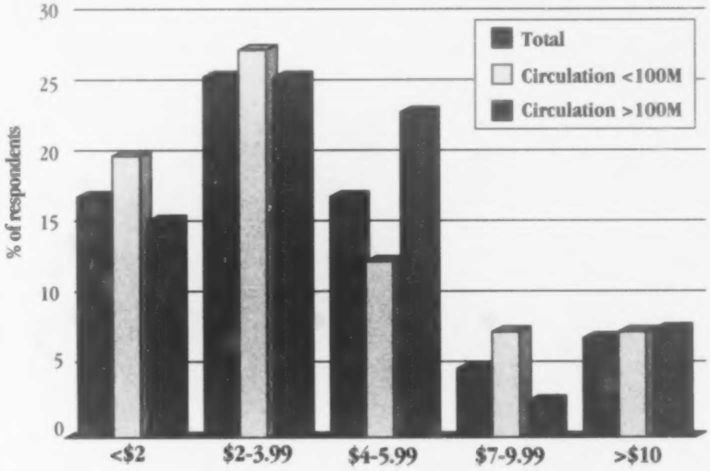
Still running shy: *Only 13 percent report having experimented with "till forbid." Furthermore, only 12 percent have tried installment billing.*

Average cost of acquiring a new subscriber



Most of the smaller magazines *paid under $10, while most larger titles shelled out between $10 and $20. In addition, over half of all respondents reported that their acquisition costs rose in 1990.*

Average cost of renewing a subscriber

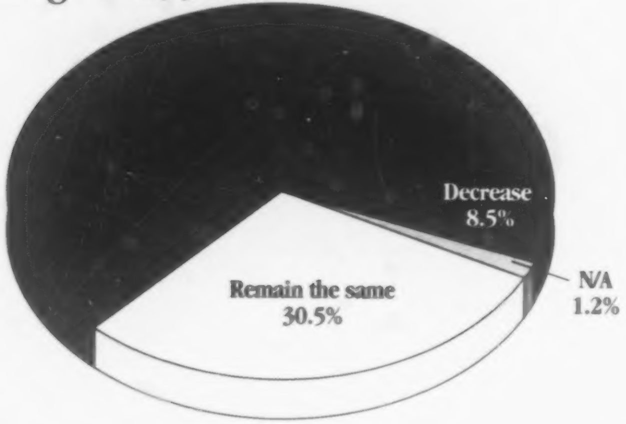


Following a similar pattern *to subscriber acquisitions, most smaller publications reported lower costs for renewals than their bigger siblings. Additionally, slightly more than a third of all respondents said renewal costs went up in 1990.*

Q. Did you increase the amount spent on your circulation promotion budget in 1990?

A. An average of 64.6 percent of respondents said yes.

How do you expect total circulation to change in 1991?



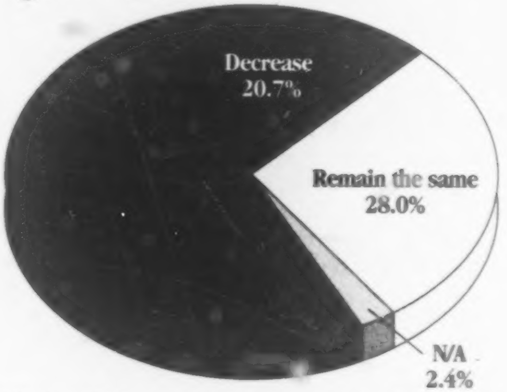
Despite what you may have heard *about magazines reducing circulation lists to be more efficient, save money on postage and provide advertisers a more targeted audience, three-fifths of our respondents anticipate a rise in circulation.*

Saving on postage

% of circulators exploring these delivery methods

Commingling	41.5%
Alternate delivery	34.1%
Pool shipping	32.9%
Firm bundling	29.3%

How do you expect circulation profits to change in 1991?



Tempered optimism: *While most respondents expect circulation to go up this year, they're a little less positive that profitability will increase to the same extent.*

Who's doing what

How5 circulation executives meet today's challenges

By Jennifer Howland

BON APPETIT

RATE BASE: Circulation director Susan Allyn has reduced the magazine's rate base to 1.2 million from 1.3 million. "That last 100,000 was marginal in cost for us and it just wasn't so important to advertisers. It cost us a little too much to get and it doesn't sway advertisers to buy."

She's pouring the savings into using 50 lb. instead of 40 lb. stock for the inside of the magazine. "It gives advertisers a more luxurious environment and better value for the money," she says. "We think it will have an impact on our newsstand and renewal rates. Sometimes you have to spend your way to profitability."

The amount of the cutback as a proportion of total circulation matters, of course. *Bon Appetit*'s represented a 7 percent cut from 1.3 million. A rate cutback would be of increased concern for a magazine dropping from a 500,000 to a 400,000 level, she notes.

PRICE: *Bon Appetit* has been testing $2.75, up from $2.50, and found a negligible fall-off in response. "When we tested that 10 percent increase, we found the sales decline was really small, and that could be a very profitable move for us."

Seasonal issues, which are the fattest and among the best-selling, are also priced higher, at $2.95. "We saw very little fall-off in sales and significantly increased revenue." Readers seem to correlate thicker issues with more value and are thus willing to pay more for them, she adds. In fact, she notes, a subscription price test found that in some cases higher prices pull better than lower ones. "This shows that people are a little suspicious of a price that appears too low for the value they are receiving. You can price yourself too low."

ANCILLARY SERVICES: Several peripherals have generated significant income. The most successful: recipe indexes, special editions of the magazine that are overprinted and sold after the newsstand sale has ended, acrylic slip cases and magazine binders. These products have "wonderful margins," says Allyn. "These product sales have a big upside potential for us...it's easy for us to repackage editorial, we just let the audience guide us to the most popular articles. We geared up on this last year, and it was more successful than we dreamed."

> **"People are a little suspicious of a price that appears too low for what they are receiving."**

BYTE

NEWSSTAND SALES: Putting more effort into newsstand is an option being pursued more vigorously by several publishers, including Glyn Standen, director of circulation. "When you have 400,000 subscribers, it becomes more difficult and expensive to get new ones. You find you have to do more direct mail for less return. So we have begun to switch over to the newsstand. It is definitely a cheaper way of getting circulation."

It isn't necessarily a quick solution, however. Increasing newsstand sales is done "over the long term," Standen says. "You don't have the kind of control over the numbers that direct mail offers." Locating the right chains to place magazines in, getting authorizations, and setting up discounts and promotions, mean it can take a year before "a significant amount of added sale" registers.

RENEWALS: Keeping customers happy has taken on new significance. "One of the most important facets in circulation management is maintaining and increasing the renewal percentage," states Standen.

"There's never any profit with newly acquired circulation...profitability comes on the renewals side. It's much easier to retain subscribers than to get new ones. For every percentage point you can renew, you don't have to replace."

RODALE

RATE BASE: Rodale has been "looking real hard at rate base increases," says Robert Kaslik, vice president of circulation. "We're slower to raise our rate base because it's getting more expensive to acquire people and we don't want the marginally committed. Before, the belief was to raise circulation at any cost. Now we realize bigger is not necessarily better." The new strategy is concentrating on "the real targeted, committed group of readers. We want people who are committed to just that subject area, and there are only a fixed number of those. Those are the people you can charge a lot for, who really want the magazine, and the ones advertisers are willing to pay a lot to reach."

Rodale's *Organic Gardening* is lowering its rate base from a million to 600,000 to 700,000, Kaslik reports. "We need to have a more focused gardening publication. It's been more general interest," he states.

NEWSSTAND SALES: Single-copy sales are getting the boost at Rodale, reports Kaslik. "We would like to be less dependent on the Postal Service. We're looking for a better balance. We have tended to be subscription driven." Rodale's big on niche publications, and that's where Kaslik has had the most success in single-copy sales recently.

RENEWALS: "We're doing all we can, through maintaining product quality and through customer service and fulfillment, to retain the customers we have," says Kaslik. "It costs so much to get them and then we have to acquire fewer. The best way to make and save money is to reduce new business acquisition. Sometimes you can spend so much time in acquiring new subscribers that you neglect the ones you have."

> **"One of the most important facets in circulation management is maintaining and increasing the renewal percentage."**

MAILINGS: "We're doing more with lists, trying to identify good lists of prospects," Kaslik reports. "We're also paying particular attention to exclude people who are either prior cancels or bad debts. We don't want to promote to people who have shown they're not interested. We're looking harder and harder at who we promote to and trying to exclude the less qualified candidates. Mailing smarter can mean mailing less."

The magazine industry has educated consumers not to pay for their subscriptions through the continuing use of soft offers, Kaslik adds. "We're not seeing payment increasing over the years, so we're trying to identify people with a history of no payment and concentrate on the net response we can get from a mailing. It's easy to get people to respond, but too many don't pay up."

Magazines are also concentrating more on selling their own lists. "Revenue from list rental goes straight to the bottom line."

NEWSWEEK

RENEWALS: An attempt to get subscribers to agree to longer terms has been going on for several years, says Harold Shain, vice president of circulation. "*Newsweek*'s minimum term through direct mail agents is 27 issues," he notes. It has also targeted "professional and managerial people who renew better and for longer terms." Having more of those names also improves the magazine's demographics, he adds.

"Our churn rate—the rate at which the file turns over—is less than other newsweeklies and has been improving since 1987, when we began a new approach to circulation," Shain claims. "We've had to buy fewer new business orders, more people are ordering for longer terms, and that has improved profitability tremendously."

PREMIUMS: Many circulation execs feel premiums have eaten away at profits for years, and devalued the written product as well. But they use them to keep up the numbers. In 1987, *Newsweek* bit the bullet and stopped competing for subscriptions with electronic premiums, Shain notes. "We lowered the introductory price and did away with premiums and offer no premiums in our conversions and renewals. Since '87, we've raised our introductory price 37 percent, from 46 cents a copy to 63 cents, and we've seen little or no resistance to the price increase."

MAILINGS: "We're working on selecting our lists very carefully, and making sure that names are compatible with who we should reach. That makes our direct mail more productive, improves our upfront response and gets our renewal rate higher," Shain claims. "If you focus on the right people, it makes circulation results productive and profitable."

TIME

PREMIUMS: Not everyone subscribes to the theory that premiums should be deserted as a means of attracting subscribers. "Premiums are a very effective tool to increase profitability," Ellen Fairbanks, consumer marketing director declares. "They work like coupons and rebates—they give people incentive to do what they wanted to do in the first place. If you drop 1,000 pieces of mail and get a 1 percent response, which increases to 2 percent with a premium offer, it lets you spread your fixed cost over more revenue from subscribers."

It is only because of so much "negative publicity" about premiums, which has caused advertisers to believe such subscribers are not loyal to the magazine, that *Time* has cut back on its use of premiums, Fairbanks says.

MAILINGS: *Time* has not cut back its volume of mail, but "we're trying to mail the right names," Fairbanks says. "Ten years ago, we might have bought a list and mailed the entire list," she says, "but now we have very extensive segmentation models. Certain zip codes and carrier routes don't respond as well, so we don't mail into those and that increases the efficiency of our mail."

PRICE: It's complicated, cautions Fairbanks. "You have to see how much you can raise the price at what volume fall-off," she says. "If a magazine has been underpriced, it may be able to raise price more than a more appropriately priced magazine. On the other hand, if you're going to lose 20 percent of your circulation if you raise your price, you can't do it."

Jennifer Howland is a freelance writer based in Norwalk, Connecticut, and former senior editor at FOLIO:.

Circulation performance analysis
Top 100 ABC- and BPA-audited consumer magazines

Magazine	1990 Circ.	1989 Circ.	%Change
Modern Maturity	22,430,894	21,430,990	+ 4.7
NRTA/AARP Bulletin	22,103,887	21,092,794	+ 4.8
Reader's Digest	16,264,547	6,343,599	- 0.5
TV Guide	5,604,267	15,867,750	- 1.7
The Cable Guide	11,091,113	7,745,190	+ 43.2
National Geographic	10,189,703	10,890,660	- 6.4
Better Homes and Gardens	8,007,222	8,005,311	—
Family Circle	5,431,779	5,461,786	- 0.6
The Disney Channel Magazine	5,165,806	4,778,729	+ 8.1
Good Housekeeping	5,152,521	5,152,245	—
McCall's	5,020,127	5,088,686	- 1.4
Ladies' Home Journal	5,001,739	5,038,297	- 0.7
Friendly Exchange	4,946,139	4,688,283	+ 5.5
Woman's Day	4,802,842	4,705,288	+ 2.1
Time	4,094,935	4,339,029	- 5.6
Redbook	3,907,221	3,901,419	+ 0.2
National Enquirer	3,803,607	4,100,740	- 7.3
Playboy	3,488,006	3,421,203	+ 2.0
Star	3,431,453	3,588,753	- 4.4
Sports Illustrated	3,220,016	3,424,393	- 6.0
Newsweek	3,211,958	3,180,011	+ 1.0
People Weekly	3,208,668	3,270,835	- 1.9
Prevention	3,022,108	3,134,914	- 3.6
The American Legion Magazine	2,956,342	2,828,238	+ 4.5
First For Women	2,649,810	3,509,688	-24.5
Cosmopolitan	2,600,971	2,702,125	- 3.7
AAA World	2,573,424	—	—
Southern Living	2,341,074	2,318,841	+ 1.0
U.S. News & World Report	2,311,534	2,209,996	+ 4.6
Smithsonian	2,234,706	2,342,443	- 4.6
Glamour	2,156,157	2,224,135	- 3.1
Field & Stream	2,016,298	2,015,577	—
V.F.W. Magazine	2,013,256	1,980,008	+ 1.7
NEA Today	1,978,641	1,919,340	+ 3.1
Money	1,915,053	1,834,618	+ 4.4
Home & Away	1,877,949	1,791,728	+ 4.8
Investment Vision	1,844,521	1,820,850	+ 1.3
Life	1,844,482	1,749,723	+ 5.4
Ebony	1,810,668	1,791,976	+ 1.0
Popular Science	1,807,540	1,818,403	- 0.6
Country Living	1,803,867	1,801,414	+ 0.1
Seventeen	1,772,362	1,766,161	+ 0.4
Parents Magazine	1,743,424	1,752,697	- 0.5
1,001 Home Ideas	1,662,102	1,603,099	+ 3.7
Popular Mechanics	1,651,064	1,650,693	—
Discovery	1,644,044	1,607,574	+ 2.3
Penthouse	1,612,574	1,830,823	-11.9
Hertz Travel Guide	1,569,815	916,948	+71.2
Outdoor Life	1,512,464	1,507,529	+ 0.3
Woman's World	1,505,312	1,560,496	- 3.5
Adventure Road	1,493,624	1,479,616	+ 1.0
The Elks Magazine	1,472,652	1,501,652	- 1.9
Soap Opera Digest	1,447,041	1,466,014	- 1.3
Sunset	1,409,587	1,393,015	+ 1.2
Bon Appetit	1,397,559	1,355,404	+ 3.1
The American Rifleman	1,378,042	1,442,317	- 4.5
Golf Digest	1,357,433	1,363,907	- 0.5
Boys' Life	1,357,173	1,334,659	+ 1.7
New Woman	1,340,540	1,390,830	- 3.6
The Family Handyman	1,331,696	1,382,547	- 3.7
Us	1,326,410	1,365,892	- 2.9
Sesame Street Magazine	1,249,565	1,235,842	+ 1.1
Rolling Stone	1,229,280	1,216,781	+ 1.0
The American Hunter	1,226,402	1,380,230	-11.2
Vogue	1,215,767	1,247,920	- 2.6
Home Mechanix	1,215,178	1,209,395	+ 0.5
The Workbasket	1,215,175	1,295,578	- 6.2
Expecting Magazine	1,213,013	1,210,592	+ 0.2
Globe	1,200,484	1,329,413	- 9.7
Mademoiselle	1,178,116	1,162,206	+ 1.4
Teen	1,175,037	1,100,237	+ 6.8
Changing Times	1,139,738	1,300,153	-12.3
American Baby	1,165,073	1,156,974	+ 0.7
Discover	1,121,855	1,053,034	+ 6.5
Travel & Leisure	1,117,412	1,115,328	+ 0.2
Self	1,100,897	1,213,314	- 9.3
Golf Magazine	1,088,999	1,019,379	+ 6.8
Baby Talk Magazine	1,081,654	977,987	+10.6
Organic Gardening	1,034,842	1,037,214	- 0.2
Country Home	1,029,342	963,081	+ 6.9
Weight Watchers Magazine	1,020,248	1,007,755	+ 1.2
YM	1,008,522	967,249	+ 4.3
Business Week Worldwide	1,004,809	992,820	+ 1.2
Movies USA	1,001,628	—	—
Yankee	1,000,784	1,002,781	- 0.2
House Beautiful	985,129	939,735	+ 4.8
Scouting	980,638	949,405	+ 3.3
Jet	968,545	860,671	+12.5
Car and Driver	959,395	934,377	+ 2.7
Mickey Mouse Magazine	957,676	708,340	+35.2
Home	942,159	925,335	+ 1.8
Price Club Journal	935,527	767,454	+21.9
Sport	925,984	960,066	- 3.6
Cooking Light	924,499	689,644	+34.1
Popular Photography	911,117	927,388	- 1.8
Gourmet	899,549	807,377	+11.4
Business Week (North America)	894,043	889,535	+ 0.5
Motor Trend	892,930	818,021	+ 9.2
Health	878,994	1,088,696	-19.3
Hot Rod	876,938	911,667	- 3.8

Once again, Modern Maturity heads the list of top-circulation magazines, breaking the 22 million mark for this audit period. Among the top 20 circulation leaders, there's a fairly equal split between circulation gainers and losers over the previous audit period, with The Cable Guide posting a dramatic 43.2 percent jump in total circulation.

Audit Bureau of Circulations and PBA Consumertrac, analyzing consumer magazine circulation averages for six months ended 12/31/90.
Note: The table above includes only magazines with two or more issues published during the relevant audit period.

Circulation performance analysis
Subscription sales for top 50 ABC- and BPA-audited magazines

Magazine	1990 Subs	1989 Subs	%Change
Modern Maturity	22,430,894	21,430,990	+ 4.7
NRTA/AARP Bulletin	22,103,887	21,092,794	+ 4.8
Reader's Digest	15,371,047	15,419,265	- 0.3
The Cable Guide	11,091,113	7,745,190	+43.2
National Geographic	10,101,416	10,803,286	- 6.5
TV Guide	8,725,551	8,641,201	+ 1.0
Better Homes and Gardens	7,491,389	7,429,478	+ 0.8
The Disney Channel Magazine	5,165,806	4,778,729	+ 8.1
Friendly Exchange	4,946,139	4,688,283	+ 5.5
McCall's	4,587,013	4,488,066	+ 2.2
Ladies' Home Journal	4,041,010	4,070,185	- 0.7
Time	3,889,431	4,120,748	- 5.6
Good Housekeeping	3,732,831	3,640,720	+ 2.5
Redbook	3,165,359	3,147,372	+ 0.6
Sports Illustrated	3,115,897	3,302,664	- 5.7
Newsweek	3,029,705	3,006,589	+ 0.8
The American Legion Magazine	2,956,342	2,828,238	+ 4.5
Playboy	2,671,715	2,527,432	+ 5.7
Prevention	2,670,321	2,783,164	- 4.1
AAA World	2,573,424	—	—
Family Circle	2,375,087	1,623,695	+46.3
U.S. News & World Report	2,229,905	2,139,188	+ 4.2
Smithsonian	2,219,450	2,328,261	- 4.7
Southern Living	2,175,975	2,119,254	+ 2.7
V.F.W. Magazine	2,013,256	1,980,008	+ 1.7
NEA Today	1,978,641	1,919,340	+ 3.1
Field & Stream	1,932,530	1,917,077	+ 0.8
Home & Away	1,877,949	1,791,728	+ 4.8
Investment Vision	1,844,521	1,820,850	+ 1.3
Country Living	1,185,299	1,155,544	+ 2.6
Discovery	1,644,044	1,607,574	+ 2.3
1,001 Home Ideas	1,616,069	1,552,403	+ 4.1
Popular Science	1,606,207	1,598,736	+ 0.5
Parents Magazine	1,585,756	1,610,166	- 1.5
Hertz Travel Guide	1,569,815	916,948	+71.2
Ebony	1,541,490	1,534,839	+ 0.4
Adventure Road	1,493,624	1,479,616	+ 1.0
People Weekly	1,476,860	1,521,490	- 2.9
The Elks Magazine	1,472,652	1,501,652	- 1.9
Outdoor Life	1,420,578	1,400,491	+ 1.4
Popular Mechanics	1,382,449	1,385,704	- 0.2
The American Rifleman	1,378,042	1,442,317	- 4.5
Boys' Life	1,357,173	1,334,659	+ 1.7
Sunset	1,320,826	1,305,293	+ 1.2
Seventeen	1,317,445	1,282,922	+ 2.7
Bon Appetit	1,291,976	1,248,843	+ 3.5
Life	1,285,790	1,166,173	+10.3
The Family Handyman	1,268,833	1,332,274	- 4.8
Sesame Street Magazine	1,249,565	1,235,842	+ 1.1
The American Hunter	1,226,402	1,380,230	-11.2

Audit Bureau of Circulations and BPA Consumertrac analyzing consumer magazine circulation averages for six months ended 12/31/90. Note: The table above includes only magazines with two or more issues published during the relevant audit period.

Compared to single copy sales, which, for 80 percent of the top 50 magazines on the newsstand decreased in 1990, subscription sales seem to be on the upswing. Seventy percent of the top 50 subscription circulation leaders have increased their subscription sales since the previous audit.

Circulation performance analysis
Single copy sales for top 50 ABC- and BPA-audited magazines

Magazine	1990 Single copy sales	1989 Single copy sales	%Change
TV Guide	6,878,716	7,226,549	- 4.8
Family Circle	3,056,692	3,838,091	-20.4
Woman's Day	3,763,247	4,598,000	-18.2
National Enquirer	3,418,536	3,663,496	- 6.7
Star	2,974,980	3,145,014	- 5.4
First For Women	2,649,810	3,509,688	-24.5
Cosmopolitan	2,041,219	2,203,561	- 7.4
People Weekly	1,731,808	1,749,345	- 1.0
Woman's World	1,505,312	1,560,496	- 3.5
Good Housekeeping	1,419,690	1,511,525	- 6.1
Penthouse	1,300,907	1,519,390	-14.4
Glamour	1,201,690	1,314,362	- 8.6
Globe	1,149,622	1,275,547	- 9.9
Soap Opera Digest	1,034,646	1,144,662	- 9.6
Reader's Digest	893,500	924,334	- 3.3
Ladies' Home Journal	960,729	968,112	- 0.8
Playboy	816,291	893,771	- 8.7
Weekly World News	790,409	814,474	- 3.0
National Examiner	787,711	875,064	-10.0
Redbook	741,862	754,047	- 1.6
Vogue	720,876	761,431	- 5.3
Mademoiselle	675,344	702,545	- 3.9
New Woman	627,693	643,938	- 2.5
Country Living	618,568	645,870	- 4.2
Life	558,692	583,550	- 4.3
Better Homes and Gardens	515,833	575,833	-10.4
Self	497,047	591,607	-16.0
Muscle & Fitness	479,206	468,379	+ 2.3
Seventeen	454,917	483,239	- 5.9
Shape Magazine	440,694	451,015	- 2.3
McCall's	433,114	600,620	-27.9
Pillsbury Classic Cookbooks	421,959	434,744	- 2.9
Sun	396,185	428,759	- 7.6
Us	390,641	432,850	- 9.8
Elle	377,701	509,427	-25.9
Prevention	351,787	351,750	—
GQ	334,719	394,134	-15.1
Rolling Stone	315,225	303,136	+ 4.0
Teen	309,779	365,741	-15.3
WWF Magazine	306,455	252,031	+21.6
Harper's Bazaar	293,845	321,824	- 8.7
Money	287,110	284,727	+ 0.8
Vanity Fair	282,035	272,346	+ 3.6
Country Home	273,667	229,667	+19.2
Bride's	270,021	321,498	-16.0
Ebony	269,178	257,137	+ 4.7
Popular Mechanics	268,615	264,989	+ 1.4
The Big Bopper	252,630	193,934	+30.3
Modern Bride	251,547	300,118	-16.2
Bop	242,157	248,322	- 2.5

Audit Bureau of Circulations and PBA Consumertrac, analyzing consumer magazine circulation averages for six months ended 12/31/90. Note: The table above includes only magazines with two or more issues published during the relevant audit period.

Only 10 of the magazines with highest single-copy sales have shown increases on the newsstand over the last audit period. In fact, of the top 25 newsstand leaders, all have lower single-copy sales in 1990 than 1989, with First For Woman and Woman's Day showing more than 20 percent decreases.

Circulation performance analysis

Rate base summary

	1985	1986	1987	1988	1989	1990
Claiming rate base	252 (54%)	271 (58%)	358 (58%)	290 (56%)	295 (55%)	309 (50%)
Not claiming rate base	211 (46%)	196 (42%)	263 (42%)	232 (44%)	237 (45%)	309 (50%)
Made rate base	163 (65%)	186 (69%)	246 (69%)	209 (72%)	223 (76%)	217 (70%)
Missed rate base	88 (35%)	85 (31%)	112 (31%)	81 (28%)	72 (24%)	92 (30%)
Total audits	462	467	621	522	532	618

A brief glance at these rate base numbers reveals that, although the percentages of magazines claiming a rate base and magazines meeting their rate base have remained somewhat stable, there has been a noticeable shift downward in both categories since 1989.

Source: Capell's Circulation Report

Subscription prices

Did you raise your basic subscription price in 1990?	
Yes	18%
No	82%

If yes, what were the overall results?	
Better	33%
Worse	11%
About the same	56%

Will you raise your basic subscription price in 1991?	
Yes	27%
No	59%
Not sure	14%

A significantly larger percentage of the circulation professionals surveyed say they plan to raise their basic subscription price in 1991 compared to the number of respondents who increased sub prices in 1990. Of those who did raise subscription prices in 1990, only 11 percent report a decline in performance, while one third indicate better overall results after the hike in price.

Source: Capell's Circulation Report semi-annual survey

Prices on the newsstand

Did you raise your newsstand price in 1990?	
Yes	31%
No	69%

If yes, what were the unit sales results?	
Better	16%
Worse	16%
About the same	68%

Will you raise your newsstand price in 1991?	
Yes	27%
No	67%
Not sure	6%

Slightly less than one third of the consumer magazine circulation professionals surveyed report that they did not raise their single copy price last year and do not plan to do so in 1991. Of those who did raise their newsstand price in 1990, there was an even split between those who experienced improved sales and those whose sales decreased, with the vast majority indicating relatively no change in overall sales as a result of the higher cover price.

Source: Capell's Circulation Report semi-annual survey

Circulation salary survey

Women dominate in numbers, but trail in compensation; circulation directors benefit more from incentives than managers

This survey, FOLIO:'s sixth annual look at the pay of circulation professionals, provides the complete rundown on salary and total compensation for both top circulation executives (directors) and the second level of circulation management (managers), broken down by key factors affecting compensation—such as the demographics of the respondents and the size and nature of their respective publications.

In many respects, the demographic profiles of both groups of respondents are similar. About 43 percent of each group is from the Northeast; 66 percent of directors and 60 percent of managers work on more than one magazine; and 62 percent of directors and 69 percent of managers are under 40 years old.

Even when the numbers are further apart, the similarities are strong. These circulation professionals are predominantly female: 64 percent of the directors and 78 percent of the managers are women. Further, 71 percent of the directors and 87 percent of the managers have been in the circulation field less than 10 years.

Despite the demographic similarities, however, directors earn substantially more than managers. Their average salary is 50 percent higher; and the average total compensation for those who receive both salary and bonus is 84 percent higher.

Among the other key findings in this survey are the following:

- Directors and managers on business magazines average higher salaries than those on consumer publications in virtually every breakdown by circulation size. Yet, because of the large number of respondents from large circulation consumer publications, the overall average salary is much higher for directors and managers on consumer magazines.
- Women earn substantially less than men, with salaries averaging only 75 to 80 percent of men's and total compensation averaging only 71 to 74 percent.
- The Northeast is the highest paying region for directors by a wide margin. Managers in the Northeast earn higher salaries than those in other regions; but those in the West take the lead when viewed on a total compensation basis.
- Circulation size provides the most direct, consistent correlation with pay. Compensation moves steadily higher as circulation grows, and then takes a substantial leap on magazines with circulations of 500,000 or more.

IN SUMMARY

- Circulation directors average 50 percent more in salaries than circulation managers. Bonuses are much higher for them as well, making their average total compensation 84 percent greater than that of managers.
- The average salaries of directors and managers on business publications are higher than their consumer conterparts in virtually all breakdowns by circulation size.
- There is a direct correlation between the circulation size of the magazine and both salary and total compensation for both circulation directors and managers.
- While the great majority of circulation professionals who responded to this survey are female, their salaries are only 75 to 80 percent of men's, and their total compensation trails even further behind.

By Robert M. Steed

Circulation directors

The overall average salary of circulation directors is $44,771. This jumps to $62,387 in total compensation for those who receive both salary and bonus. Directors on consumer magazines average $6,500 more in salary and $1[illegible]850 more in total compensation than their business magazine counterparts. However, this is almost entirely accounted for by the high pay of the large number of respondents in this sample from consumer publications with over 500,000 in circulation.

Directors in the Northeast earn almost 50 percent more in salary than those in any other region of the country. Those in the South barely nose out directors in the North Central and Western regions for the dubious honor of being last. The South falls even further behind when bonuses are factored in—directors there earn $36,000 less than their counterparts in the Northeast.

The compensation of women substantially trails that of men. Women's salaries average 75 percent of men's, and their total compensation averages 74 percent. Moreover, 56 percent of the male directors are eligible for a bonus, while only 37 percent of the women directors are.

Both experience and age bear a close correlation to salary—up to a

Circulation director

	Average	Average business	Average consumer
By region:			
Northeast	$54,332 (98)	$50,093 (51)	$58,931 (47)
South	36,185 (42)	37,026 (19)	35,491 (23)
North central	37,727 (45)	35,312 (33)	44,368 (12)
Western	38,907 (40)	33,790 (14)	41,662 (26)
By sex:			
Male	$53,566 (80)	$52,732 (37)	$54,283 (43)
Female	40,014 (144)	36,611 (81)	44,389 (63)
By age			
29 or less	$34,056 (54)	$33,500 (28)	$34,654 (26)
30-39	46,283 (87)	42,803 (34)	48,515 (53)
40-49	54,134 (46)	48,327 (28)	63,167 (18)
50 or more	44,122 (37)	41,791 (28)	51,375 (9)
By years in circulation:			
Up to 3	$31,456 (51)	$30,393 (29)	$32,856 (22)
4-10	44,042 (109)	39,430 (49)	47,808 (60)
11-20	56,015 (45)	53,931 (24)	58,397 (21)
More than 20	59,200 (19)	52,914 (14)	76,800 (5)
Eligible for bonus/incentive:			
Yes	$52,269 (107)	[illegible]	$57,768 (52)
No	38,029 (119)	[illegible]	39,246 (56)
By employees supervised:			
None	$26,745 (22)	$26,227 (11)	$27,264 (11)
One	39,095 (43)	39,076 (17)	39,108 (26)
2-5	39,983 (95)	36,581 (53)	44,276 (42)
6-10	51,477 (29)	49,681 (16)	53,687 (13)
More than 10	70,210 (36)	58,576 (21)	86,497 (15)
Responsible for:			
One magazine	$40,524 (77)	$33,020 (32)	$45,859 (45)
More than one	46,945 (148)	44,883 (86)	49,806 (62)
By circulation:†			
Up to 19,999	$29,746 (26)	$30,195 (20)	$28,250 (6)
20,000-49,999	33,326 (55)	35,377 (39)	28,325 (16)
50,000-99,999	39,853 (49)	44,317 (29)	33,381 (20)
100,000-499,999	49,284 (64)	51,376 (26)	47,852 (38)
500,000 or more	78,895 (29)	78,000 (4)	79,038 (25)
By frequency:†			
Weekly/biweekly	$50,745 (38)	$43,260 (25)	$65,140 (13)
Monthly	45,561 (149)	42,797 (77)	48,517 (72)
Other	35,932 (39)	33,734 (16)	37,461 (23)
By circulation type:†			
Paid	$48,016 (138)	$44,668 (41)	$49,431 (97)
Nonpaid	39,965 (85)	40,408 (74)	36,985 (11)

†Refers to the largest circulation magazine on which respondent works.

point. Salary and total compensation move steadily and strongly upward in each of the cohorts of directors in their twenties, thirties and forties. But they drop for directors who are 50 and up—the second lowest paid age group of directors. Similarly, compensation increases sharply as experience rises from up to three, four to 10, and 11 to 20 years. However, directors with over 20 years' experience average only slightly higher salaries (and lower total compensation) than those in the preceding group.

> **"With all the doom and gloom in the trades these days, younger people don't see any future in business publishing. Keeping good people is hard."**
>
> *—Circulation director in the Northeast, earning more than $100,000 in salary and bonus.*

Size of the magazine and scope of the job are clear determinants of pay. For example:

- The salary of directors who supervise more than 10 people averages 2.6 times as much as those who supervise no one; and total compensation is over three times as high.
- Directors who are responsible for more than one magazine earn about 15 percent more, in both salary and total compensation, than those who work on just one magazine.
- The clearest correlation is to circulation size. Salary grows steadily larger from $29,746 for those on magazines with less than 20,000 in circulation to $49,284 for those on magazines with circulations of 100,000 to 500,000. It then takes a sharp jump to $78,895 for those on magazines with circulations over 500,000 (and, as noted earlier, most

of those are consumer publications). Total compensation shows a very similar pattern—although the relationships are not as smooth.

Frequency and circulation type give indications of different compensation patterns between business and consumer publications. Average salary for directors on weeklies and biweeklies is $5,200 (11 percent) higher than for those on monthlies. But the difference is almost entirely accounted for by directors on consumer publications; those on business magazines earn virtually identical salaries. Directors on paid circulation business magazines earn salaries that are $4,200 (10 percent) more than salaries for those on nonpaid business magazines; the differential is $12,500 (33 percent) for those on consumer magazines.

> **"Direct mail is too expensive with the increase in postal rates."**
>
> *—Circulation manager in the Midwest, working on a consumer monthly with circulation of roughly [illegible]0,000, earning salary alone in the high twenties.*

Circulation managers

As noted earlier, pay levels for managers are sharply lower than for directors. Their salary averages 66 percent that of directors, and their total compensation averages 54 percent. Moreover, while the compensation patterns evident among directors are generally repeated among managers, the differences in pay based on demographic or size factors are generally not as sizable.

The average salary of circulation managers is $29,665. Circulation managers on consumer magazines outpace their business magazine counterparts by almost $5,000 (17-

Circulation manager

	Average	Average business	Average consumer
By region:			
Northeast	$32,304 (62)	$29,657 (34)	$35,500 (27)
South	27,569 (26)	28,766 (16)	25,655 (10)
North central	25,663 (32)	24,716 (20)	27,242 (12)
Western	30,727 (27)	24,363 (11)	36,646 (13)
By sex:			
Male	$35,291 (33)	$32,062 (18)	$39,167 (15)
Female	28,051 (115)	26,250 (63)	30,226 (48)
By age:			
29 or less	$25,610 (61)	$22,912 (31)	$28,282 (28)
30-39	35,075 (41)	29,946 (21)	41,556 (18)
40-49	31,298 (30)	31,416 (18)	31,121 (12)
50 or more	28,203 (16)	29,659 (11)	25,000 (5)
By years in circulation:			
Up to 3	$24,190 (59)	$23,197 (37)	$25,948 (21)
4-10	33,857 (70)	30,789 (32)	36,737 (36)
11-20	32,486 (13)	34,202 (7)	29,580 (5)
More than 20	28,489 (6)	29,587 (5)	23,000 (1)
Eligible for bonus/incentive:			
Yes	$29,965 (57)	$24,340 (27)	$35,408 (29)
No	29,477 (91)	29,143 (54)	29,750 (34)
By employees supervised:			
None	$26,369 (54)	$24,077 (27)	$28,504 (25)
One	27,730 (25)	25,857 (15)	31,267 (9)
2-5	32,791 (56)	29,791 (29)	36,013 (26)
More than 5	33,617 (13)	32,902 (10)	36,000 (3)
Responsible for:			
One magazine	$27,510 (59)	$24,483 (27)	$30,028 (30)
More than one	31,094 (89)	29,071 (54)	34,470 (33)
By circulation:†			
Up to 19,999	$23,808 (22)	$23,373 (19)	$22,352 (2)
20,000-49,999	26,835 (40)	27,104 (28)	25,450 (10)
50,000-99,999	29,854 (39)	29,234 (25)	31,327 (13)
100,000-499,999	32,789 (33)	33,006 (9)	32,708 (24)
500,000 or more	43,409 (11)	0 (0)	43,409 (11)
By frequency:†			
Weekly/biweekly	$32,394 (28)	$30,213 (18)	$3[illegible] (10)
Monthly	28,829 (91)	26,441 (48)	31,481 (40)
Other	29,821 (28)	28,061 (14)	31,992 (13)
By circulation type:†			
Paid	$31,335 (89)	$28,541 (29)	$32,756 (58)
Nonpaid	27,240 (57)	27,023 (51)	27,700 (5)

†Refers to the largest circulation magazine on which respondent works.

Average annual total compensation

	Circulation director	Circulation manager
Receive bonus/incentive:		
Yes	$62,387 (99)	$33,898 (45)
No	38,029 (119)	29,477 (91)
By magazine type:		
Consumer	$70,390 (49)	$40,870 (22)
Business	54,543 (50)	27,240 (22)
By region:		
Northeast	$77,615 (48)	$35,450 (21)
South	41,718 (19)	24,688 (8)
North central	49,301 (19)	32,466 (8)
Western	58,442 (12)	40,468 (8)
By sex:		
Male	$72,674 (45)	$43,364 (11)
Female	53,814 (54)	30,836 (34)
By age:		
29 or less	$43,539 (23)	$29,516 (22)
30-39	65,620 (39)	40,943 (18)
40-49	80,323 (20)	27,817 (5)
50 or more	57,048 (15)	0 (0)
By years in circulation:		
Up to 3	$46,225 (22)	$27,813 (20)
4-10	59,132 (46)	40,142 (22)
11-20	82,507 (20)	25,900 (1)
More than 20	71,736 (11)	30,068 (2)
By employees supervised:		
None	$28,500 (3)	$30,844 (15)
One	44,650 (16)	26,400 (5)
2-5	48,418 (38)	37,030 (21)
6-10	67,796 (15)	40,233 (3)
More than 10	95,656 (26)	32,416 (1)
Responsible for:		
One magazine	$56,940 (34)	$32,465 (17)
More than one	65,235 (65)	34,768 (28)
By circulation:†		
Up to 19,999	$36,138 (12)	$25,845 (2)
20,000-49,999	36,256 (16)	24,189 (13)
50,000-99,999	55,499 (17)	34,397 (13)
100,000-499,999	60,853 (30)	38,328 (11)
500,000 or more	102,455 (23)	50,900 (5)
By frequency:†		
Weekly/biweekly	$66,341 (24)	$37,330 (9)
Monthly	62,895 (66)	32,555 (28)
Other	48,111 (9)	36,002 (7)
By circulation type:†		
Paid	$69,413 (61)	$37,418 (29)
Nonpaid	51,665 (37)	27,553 (15)

Average annual bonus/incentive

	Circulation director	Circulation manager
Average bonus/incentive:	$ 8,173 (99)	$ 2,200 (45)
By magazine type:		
Consumer	$10,899 (49)	$ 2,597 (22)
Business	5,501 (50)	1,766 (22)
By region:		
Northeast	$11,511 (48)	$ 2,018 (21)
South	4,550 (19)	1,163 (8)
North central	3,958 (19)	3,101 (8)
Western	7,900 (12)	2,813 (8)
By sex:		
Male	$ 9,573 (45)	$ 3,500 (11)
Female	7,006 (54)	1,779 (34)
By age:		
29 or less	$ 3,952 (23)	$ 1,769 (22)
30-39	8,741 (39)	2,801 (18)
40-49	14,025 (20)	1,930 (5)
50 or more	4,887 (15)	0 (0)
By years in circulation:		
Up to 3	$ 7,798 (22)	$ 1,676 (20)
4-10	7,211 (46)	2,607 (22)
11-20	11,018 (20)	900 (1)
More than 20	7,773 (11)	3,600 (2)
By employees supervised:		
None	$ 833 (3)	$ 1,761 (15)
One	3,675 (16)	3,200 (5)
2-5	4,628 ([illegible])	1,884 (21)
6-10	8,363 (15)	3,667 (3)
More than 10	17,077 (26)	6,000 (1)
Responsible for:		
One magazine	$ 8,199 (34)	$ 1,392 (17)
More than one	8,159 (65)	2,690 (28)
By circulation:†		
Up to 19,999	$ 3,479 (12)	$ 575 (2)
20,000-49,999	2,038 (16)	1,669 (13)
50,000-99,999	6,397 (17)	2,155 (13)
100,000-499,999	6,783 (30)	2,510 (11)
500,000 or more	18,283 (23)	3,900 (5)
By frequency:†		
Weekly/biweekly	$12,998 (24)	$ 2,306 (9)
Monthly	7,010 (66)	[illegible]
Other	3,833 (9)	[illegible]
By circulation type:†		
Paid	$10,282 (61)	$ 2,289 (29)
Nonpaid	4,903 (37)	1,973 (15)

percent); but this is almost totally the result of pay levels of managers on consumer publications with over 500,000 in circulation.

Regional differences are much less pronounced among managers. The Northeast leads in salary by only $1,600 over the West, but the West leads by $5,000 when bonuses are factored in. The North Central region is the lowest paying in salary. But the South takes over the cellar in total compensation (and, interestingly, average total compensation in the South is *lower* than average salary in the South—indicating that fairly low bonuses were paid to people who are at the lower end of the salary scale).

Both experience and age bear a close correlation to directors' salary— to a point.

Women dominate this group—but, as with directors, their pay lags far behind men's. Women's salaries average 79.5 percent of men's, and when bonuses are considered, the gap widens to 71 percent.

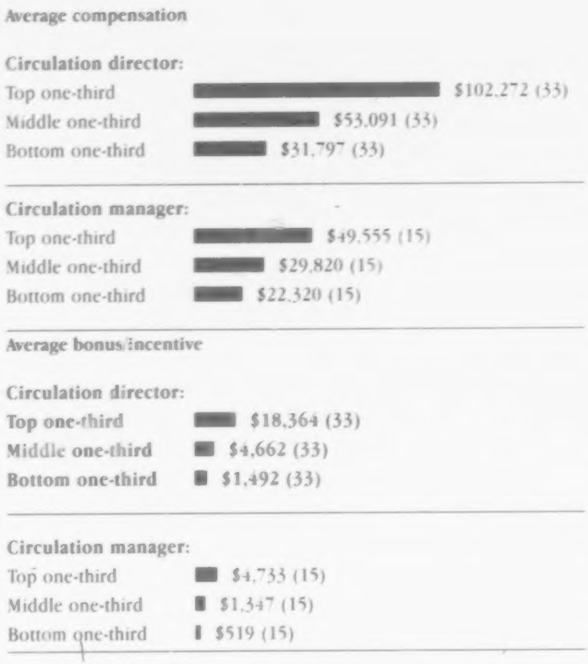
By age, the highest paid group—in both salary and total compensation—is the 30-to-39-year-olds. This is paralleled in the breakdown by experience, where the highest paid group has four to 10 years in the business. These results are caused by relatively higher compensation paid to managers on consumer magazines in these two groups. Also, as with directors, managers who are over 50 and have more than 20 years' experience, have *lower* average salaries than all but the very youngest and least experienced groups.

Magazine size and job scope have less of an impact among managers than they do among directors. For example:

- Managers who supervise one person, or no one, earn virtually identical salaries; so do those who supervise departments of two to five versus those with more than five subordinates. And the difference between the lowest and highest paid groupings is only about $7,200.
- Working on more than one publication still pays off—but only by about $3,500 (13 percent). And when bonuses are considered, the difference drops to $2,300 (7 percent).
- Salary marches steadily up in $3,000 increments, from $23,808 for managers on magazines with less than 20,000 in circulation to $32,789 for those where circulation is between 100,000 and 500,000. It then jumps over $10,500, to $43,409, for those on magazines with circulations over 500,000. Total compensation shows a similar, though more erratic, pattern. But the largest magazines pay managers only about double what the smallest do; whereas among directors, the differential is close to three times.

Managers on weeklies and biweeklies earn more than those on monthlies, by about $3,500 (12 percent). Those on paid circulation magazines earn salaries about $4,000 (15 percent) more than those on nonpaid magazines; that differential jumps to about $10,000 (36 percent) on a total compensation basis.

Range of average total compensation and bonus/incentive*



*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

METHODOLOGY

Three hundred seventy-nine of the 973 circulation professionals who received questionnaires responded to FOLIO:'s sixth annual circulation salary survey, resulting in an overall response rate of 39 percent. Of the total responses, 352 (36 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts. Participants were asked to estimate their annual earnings if exact figures were not available.

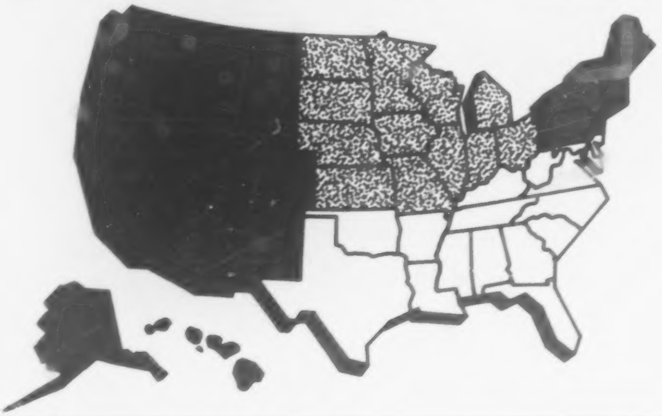
In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if a circulation director indicated that his or her annual bonus would be between $6,000 and $8,000, the arithmetic mean was used as that respondent's expected bonus for the year.

Fifty-four percent of the mailing was sent to circulation directors and 46 percent to circulation managers. The response rate from directors was substantially higher (40 percent versus 30 percent). About 53 percent of the sample was drawn from business publications. Last, about two-thirds of the sample in each category was drawn from magazines with circulations under 100,000, while one-third came from magazines with circulations over 100,000.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

The regions have been divided as follows:

■ Western ■ Northeast ☐ South ▨ North central



Bonus/incentive compensation

Many of the differences in the pay of directors and managers can be accounted for by the various demographic and size breakdowns indicated in the accompanying charts. Other differences, of course, are a function of the pay philosophy of different publishers, profitability, and similar factors that aren't directly measured by this survey. However, some clues can be found in the data on bonus/incentive compensation, especially as they relate to differences in the overall pay of directors versus overall pay of managers.

Forty-seven percent of directors are eligible for a bonus, and their salary is over $14,000 (37 percent) higher than the salary of directors who get no bonus. No wonder the total compensation of directors who receive a bonus averages $62,387—$24,000 (64 percent) more than their counterparts who get no bonus.

On the other hand, 38.5 percent of managers are eligible for a bonus, but their salary is virtually the same as those who are not eligible. (Interestingly, the salary of managers who are not eligible for a bonus is the same on business and consumer magazines, but the salary of those who are eligible is $11,000 higher on consumer publications than on business ones.) Again, it's no wonder that managers who receive a bonus average only $4,400 (15 percent) more than those who don't.

Another indication of differences in pay philosophy can be found in the relationship between the highs and lows of pay. The top one-third of directors receive $69,012 in salary and $102,272 in total compensation; the lowest paid one-third earn $25,533 and $31,797, respectively. The difference between the top and bottom salary is 2.7 times; and the difference is 3.2 times on a total compensation base.

Contrast this with managers, where the top one-third earn salaries of $42,015 and total compensation of $49,555; and the bottom one-third earn $19,869 and $22,320, respectively. The differences between the top and bottom are only 2.1 times on salary and 2.2 times on total compensation.

These data all hint that true incentive compensation—where substantial rewards are paid for achieving substantial results—is a factor in the pay system of many circulation directors—and few managers. Perhaps, as time goes on and the industry continues to seek ways to improve profitability, these kinds of incentive systems will become more prevalent among both levels of circulation professionals.

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm.

Production special report

How you can keep costs down—and hold on to your readers and advertisers

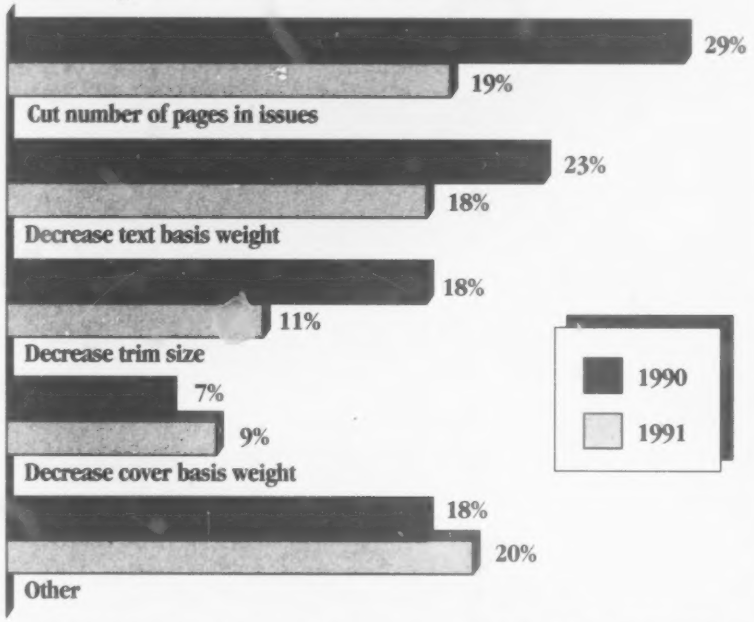
FOLIO: surveyed its readers to determine what they are doing to keep their production costs in line, but still satisfy their readers and their advertisers. Here's what they said: They're cutting pages but keeping color. They're looking for more sophisticated services from their printers. They're adopting some high-tech mailing options. And they're predicting that production inflation will be 5.1 percent this year.

Here are some additional results of FOLIO:'s production survey.

Q. How often do you formally bid your magazine to other printers?

A. 30% said every three years.
23% said every two years.
19% said every year.
11% said after five or more years.

Cutting costs: How and when

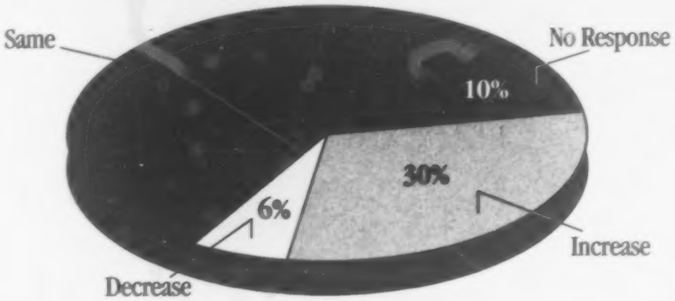


Is this the year of the incredible shrinking magazine? *Over half of respondents reported some kind of downsizing—most by cutting pages or decreasing basis weight. Others decreased their trim size, tightened their ad:edit ratio, decreased frequency or cut circulation. While cutting costs remains a priority, the rate is slowing, so 1991 should be a bit more upbeat.*

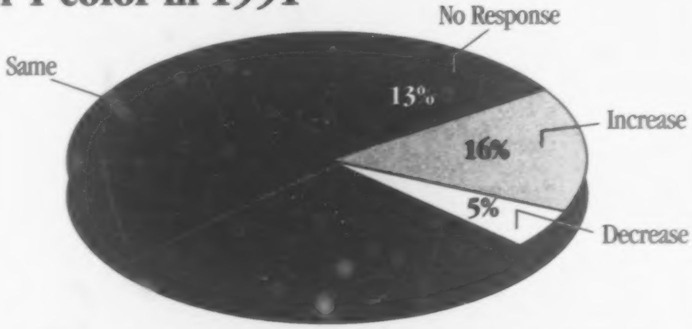
METHODOLOGY

Of the 982 production executives who received questionnaires, 274 responded, resulting in a 28 percent overall response. Of these, 266 surveys contained sufficient information to be tabulated. Business magazines represented 43 percent of the respondents; consumer books were represented by 53 percent.

Percent increase/decrease in 4-color in 1990

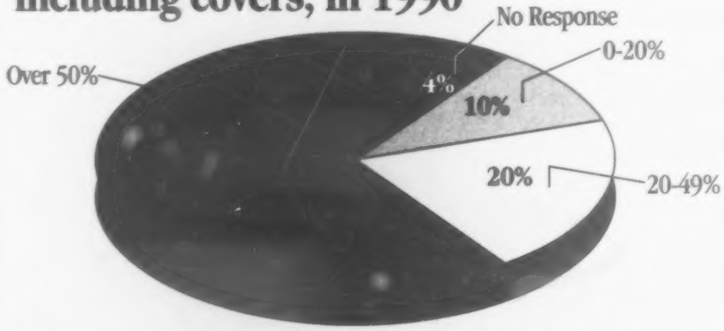


Percent increase/decrease in 4-color in 1991



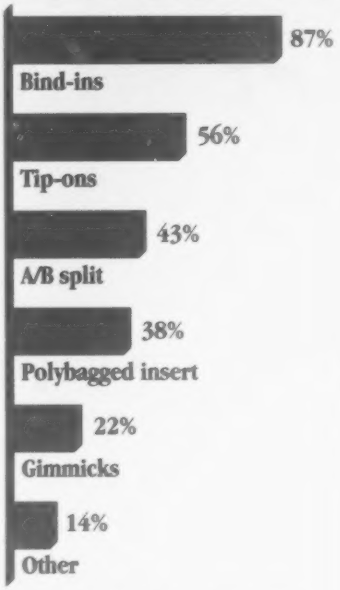
***Size may be down, but color use is up—way up.** Publishers are using color to create excitement, as 30 percent increased their four-color use in 1990. What about 1991? A little less bullish: 16 percent say they plan to increase four-color.*

Average percent of 4-color pages, including covers, in 1990



***Four-color pages are on the rise too,** as 65 percent of respondents produce magazines that run over half of their pages with four-color.*

Types of inserts offered to advertisers



***Most publishers haven't seen an increase in the number of inserts** running in their magazines, but a majority (87%) are offering bind-ins and tip-ons (56%).*

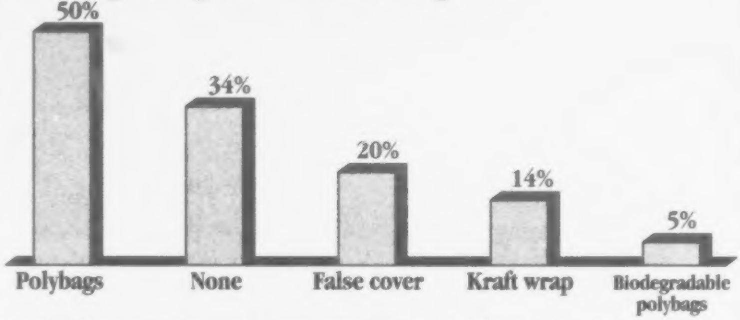
Q. How long have you been with your current printer?

A. An average of 7.2 years.

Q. If your contract is up for renewal, what increase is your printer requesting?

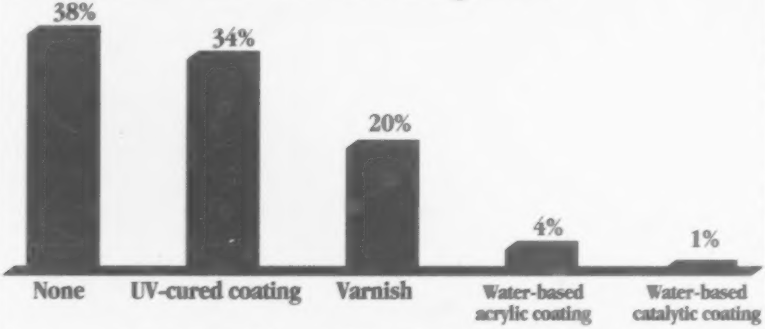
A. 3.5%

Mailing wraps: A mixed bag



***Despite the increasing environmental concerns,** polybagging is still the wrap of choice. Of the 17% who are considering switching, most said they would replace polybags with biodegradable polybags, kraft wrap, or no wrap at all.*

Cover finishes: What's being used



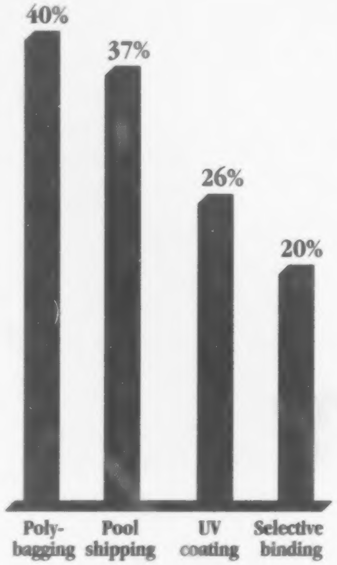
***Environment vs. appeal.** 14 percent of respondents said they were considering a switch in cover finishes this year. Half hope to move away from UV coating (for environmental reasons) and half hope to begin using it (for better newsstand appeal).*

Technology: A cure gone begging?

Here are the most popular high-tech and service options used last year: The percentages are surprisingly low.

% using	Feature
28	Multiple (additional) postal entry points
20	Pool shipping for multiple postal entry points
17	Co-mailing
17	Selective binding for demographic splits within single pre-sorted mailing list
14	Ink-jet printing
9	Alternate delivery for subscriber copies

What do publishers want?



***We asked publishers what services** they find "essential" in a printer. In addition to the above, 13 percent said that their printer not offering co-mailing would be reason enough to consider changing printers.*

Production inflation to reach 5.1%

We asked respondents what increases they were budgeting in 1991 for various costs. Their answers:

% increase budgeted	Area of Expense
2.8	Printing
4.1	Ink
2.0	Binding
11.5	Distribution
3.8	Paper
5.1	Total production

Production salary survey

Lower production costs and higher magazine quality translate into increased compensation levels

The promise of production technology is a double-edged sword for today's production professionals: To benefit from it, they first have to sell its value (and cost) to management, learn how to use it (or train others to do so), and then apply it to the ever shifting demands of today's publications.

Once over those hurdles, however, many production people find themselves on the cutting edge of magazine production, able to deal far more effectively with their main challenge: keeping costs low.

How this translates into compensation levels for them is becoming ever more clear, and some strong hints are seen in this, FOLIO:'s seventh annual survey of production salaries. Traditional factors, such as size of magazine, number of employees supervised or number of magazines, correlate much less than before to compensation. This is particularly true among production managers and at smaller publications. Is this an indication that production professionals are increasingly being paid on the basis of what they contribute in terms of technological innovation, cost control and the tough task of getting a high-quality product to the consumer on time and on budget?

The figures do hint that, in determining pay levels, publishers are beginning to focus less on how big the magazine is or how long the manager has been around, and more on the basis of the contribution he or she is making to the bottom line. If true, this is a big step in the right direction of recognizing the positive impact that creative production professionals—both production directors and managers—can have on the quality and profitability of their magazines.

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm.

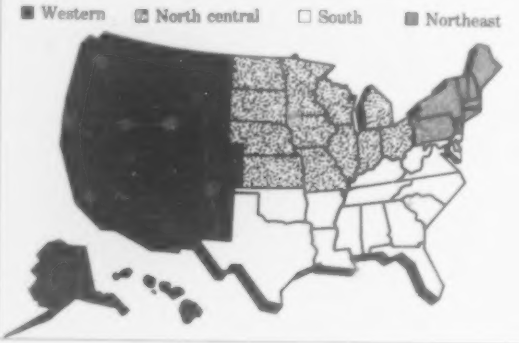
METHODOLOGY

Three hundred and thirty-three of the 887 production professionals who received questionnaires responded to FOLIO:'s annual production salary survey, resulting in an overall response rate of 37.5 percent. Of the total responses, 316 (35.6 percent) contained sufficient information to be used for tabulation. For the survey, participants were asked to supply data reflecting projected 1991 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here, the mean was used for tabulation.

About 58 percent of the mailing was sent to production directors and 42 percent to production managers. The response rate among managers was twice as high as that among directors (48 percent versus 24 percent). About 52 percent of the sample was drawn from business publications, with the balance from consumer books. Last, about 64 percent of the sample in each category was drawn from magazines with under 100,000 in circulation, while 36 percent came from magazines with over 100,000 in circulation.

The regions have been divided as follows:



Production director

	Average	Average business	Average consumer
By region:			
Northeast	$64,632 (48)	$57,056 (25)	$74,361 (22)
South	44,963 (27)	45,021 (14)	44,225 (12)
North central	45,722 (25)	48,361 (14)	42,364 (11)
West	45,852 (27)	42,545 (11)	48,000 (13)
By sex:			
Male	$62,505 (65)	$58,130 (33)	$68,083 (30)
Female	42,216 (63)	41,402 (31)	42,729 (29)
By age:			
29 or less	$35,995 (11)	$30,000 (4)	$39,420 (7)
30-39	45,509 (63)	44,320 (33)	47,161 (28)
40-49	56,619 (31)	60,400 (15)	53,080 (15)
50 or more	74,096 (23)	59,433 (12)	98,778 (9)
By years in production:			
Up to 3	$37,773 (11)	$34,929 (7)	$49,000 (3)
4-10	42,871 (45)	37,142 (18)	46,448 (26)
11-20	47,788 (40)	47,325 (20)	48,056 (18)
More than 20	78,731 (29)	68,733 (18)	98,400 (10)
Eligible for bonus:			
Yes	$56,594 (76)	$49,541 (37)	$65,115 (36)
No	46,563 (52)	50,694 (27)	40,761 (23)
Responsible for:			
One magazine	$49,717 (47)	$48,577 (22)	$51,087 (23)
More than one	54,144 (81)	50,787 (42)	58,518 (36)
By employees supervised:			
None	$38,167 (12)	$40,750 (4)	$38,714 (7)
One	39,867 (15)	37,222 (9)	43,833 (6)
2-5	48,172 (63)	47,558 (32)	48,500 (28)
More than 5	69,251 (38)	62,205 (19)	77,202 (18)
By circulation:†			
Up to 19,999	$42,714 (7)	$40,400 (5)	$35,000 (1)
20,000-49,999	38,439 (23)	39,894 (18)	33,200 (5)
50,000-99,999	45,877 (22)	44,153 (15)	49,571 (7)
100,000-499,999	54,664 (43)	66,045 (19)	45,652 (21)
500,000 or more	68,305 (31)	57,083 (6)	70,998 (25)
By frequency:†			
Weekly/biweekly	$57,108 (12)	$57,038 (8)	$57,250 (4)
Monthly	52,503 (77)	45,404 (36)	59,716 (38)
Other	48,357 (36)	49,856 (18)	46,085 (17)
By average total pages produced annually:†			
Up to 499	$43,183 (24)	$42,185 (13)	$44,889 (9)
500-999	35,929 (15)	35,429 (7)	36,368 (8)
1,000-1,499	44,084 (19)	45,178 (9)	43,100 (10)
1,500-2,999	57,932 (37)	50,206 (17)	65,278 (18)
3,000 or more	74,063 (24)	68,950 (14)	81,220 (10)

† Refers to the largest circulation magazine on which respondent works.

> **"Finding ways and means to improve profit by reducing manufacturing and distribution expenses is my biggest challenge."**
>
> *—Production director in the Midwest, earning salary and bonus in the low sixties.*

Production manager

	Average	Average business	Average consumer
By region:			
Northeast	$32,219 (74)	$31,132 (47)	$34,115 (27)
South	27,596 (41)	28,357 (21)	27,108 (18)
North central	27,931 (39)	28,270 (31)	26,621 (8)
West	29,417 (33)	29,850 (15)	29,056 (18)
By sex:			
Male	$33,134 (50)	$31,167 (29)	$35,851 (21)
Female	28,595 (138)	29,164 (85)	27,825 (51)
By age:			
29 or less	$26,865 (80)	$25,994 (50)	$28,603 (29)
30-39	31,483 (68)	32,293 (40)	30,413 (27)
40-49	33,306 (23)	36,146 (12)	30,208 (11)
50 or more	32,156 (17)	29,804 (12)	37,800 (5)
By years in production:			
Up to 3	$25,070 (66)	$25,432 (43)	$24,593 (22)
4-10	30,919 (78)	31,489 (42)	30,318 (35)
11-20	33,527 (36)	33,208 (25)	34,252 (11)
More than 20	41,188 (8)	34,125 (4)	48,250 (4)
Eligible for bonus:			
Yes	$29,320 (74)	$28,320 (47)	$31,061 (27)
No	30,115 (114)	30,624 (67)	29,629 (45)
Responsible for:			
One magazine	$30,754 (83)	$31,367 (44)	$30,328 (38)
More than one	29,049 (105)	28,609 (70)	29,985 (34)
By employees supervised:			
None	$27,496 (67)	$27,291 (45)	$27,913 (21)
One	28,632 (39)	29,225 (22)	27,865 (17)
2-5	31,070 (66)	31,556 (41)	30,703 (24)
More than 5	37,075 (16)	36,333 (6)	37,520 (10)
By circulation:†			
Up to 19,999	$28,694 (24)	$29,139 (19)	$27,000 (5)
20,000-49,999	27,208 (59)	26,844 (38)	27,867 (21)
50,000-99,999	28,966 (41)	30,352 (27)	26,777 (13)
100,000-499,999	30,429 (46)	31,445 (26)	29,165 (19)
500,000 or more	41,433 (15)	48,000 (2)	40,423 (13)
By frequency:†			
Weekly/biweekly	$32,634 (28)	$33,413 (20)	$30,688 (8)
Monthly	29,389 (119)	28,137 (81)	32,384 (37)
Other	29,336 (38)	35,850 (10)	26,972 (27)
By average total pages produced annually:†			
Up to 499	$29,751 (47)	$31,440 (25)	$28,215 (20)
500-999	27,040 (46)	26,516 (26)	27,720 (20)
1,000-1,499	29,311 (35)	28,136 (25)	32,247 (10)
1,500-2,999	30,409 (25)	30,075 (15)	30,910 (10)
3,000 or more	36,981 (21)	36,575 (12)	37,522 (9)

† Refers to the largest circulation magazine on which respondent works.

> **"Teaching people about realistic production standards—how much time production takes, how costly changes can be, and how easy it is to save money by varying specs or using different vendors—is difficult."**
>
> *—Production manager working on a small business monthly, earning salary in the low thirties.*

	Production director	Production manager
Average bonus/incentive:	$ 6,613 (69)	$1,316 (67)
By magazine type:		
Consumer	$ 8,420 (32)	$1,280 (26)
Business	5,139 (35)	1,339 (41)
By region:		
Northeast	$ 7,994 (25)	$1,370 (25)
South	5,293 (14)	1,352 (15)
North central	6,300 (15)	1,052 (16)
West	5,857 (15)	1,630 (10)
By sex:		
Male	$ 8,829 (38)	$1,320 (21)
Female	3,897 (31)	1,315 (46)
By age:		
29 or less	$ 2,320 (5)	$1,320 (33)
30-39	5,693 (41)	1,210 (20)
40-49	7,908 (13)	1,665 (11)
50 or more	10,850 (10)	708 (3)
By years in production:		
Up to 3	$ 1,929 (7)	$1,169 (29)
4-10	5,848 (25)	1,437 (23)
11-20	6,417 (23)	1,289 (13)
More than 20	10,692 (13)	2,250 (2)
Responsible for:		
One magazine	$ 9,368 (22)	$1,235 (31)
More than one	5,323 (47)	1,387 (36)
By employees supervised:		
None	$ 1,700 (4)	$1,091 (27)
One	2,283 (9)	1,819 (12)
2-5	5,910 (34)	1,322 (25)
More than 5	10,364 (22)	1,283 (3)
By circulation:†		
Up to 19,999	$ 3,750 (2)	$2,590 (5)
20,000-49,999	3,432 (11)	969 (26)
50,000-99,999	5,000 (15)	1,223 (12)
100,000-499,999	6,015 (20)	1,393 (18)
500,000 or more	10,738 (20)	1,810 (5)
By frequency:†		
Weekly/biweekly	$ 9,333 (6)	$1,723 (8)
Monthly	6,141 (43)	1,231 (44)
Other	5,592 (19)	1,192 (13)
By average total pages produced annually:†		
Up to 499	$ 3,942 (13)	$1,454 (22)
500-999	4,856 (8)	1,216 (14)
1,000-1,499	3,642 (12)	1,294 (13)
1,500-2,999	6,395 (19)	1,536 (7)
3,000 or more	14,077 (13)	1,256 (5)

	Production director	Production manager
Received bonus:		
Yes	$ 63,366 (69)	$30,812 (67)
No	46,563 (52)	30,115 (114)
By magazine type:		
Consumer	$ 73,918 (32)	$32,767 (26)
Business	54,739 (35)	29,572 (41)
By region:		
Northeast	$ 82,408 (25)	$30,392 (25)
South	46,507 (14)	29,294 (15)
North central	58,007 (15)	30,615 (16)
West	52,723 (15)	34,780 (10)
By sex:		
Male	$ 77,092 (38)	$35,718 (21)
Female	46,540 (31)	28,572 (46)
By age:		
29 or less	$ 43,108 (5)	$27,977 (33)
30-39	52,268 (41)	34,123 (20)
40-49	75,908 (13)	33,465 (11)
50 or more	102,690 (10)	30,192 (3)
By years in production:		
Up to 3	$ 40,429 (7)	$25,142 (29)
4-10	51,110 (25)	33,207 (23)
11-20	55,265 (23)	37,075 (13)
More than 20	109,646 (13)	44,750 (2)
Responsible for:		
One magazine	$ 61,545 ([illegible])	$31,023 (31)
More than one	64,218 ([illegible])	30,629 (36)
By employees supervised:		
None	$ 31,950 (4)	$28,663 (27)
One	42,950 (9)	33,119 (12)
2-5	55,657 (34)	31,840 (25)
More than 5	89,343 (22)	32,350 (3)
By circulation:†		
Up to 19,999	$ 39,750 (2)	$36,710 (5)
20,000-49,999	43,259 (11)	27,973 (26)
50,000-99,999	47,333 (15)	28,865 (12)
100,000-499,999	62,885 (20)	31,298 (18)
500,000 or more	91,310 (20)	44,510 (5)
By frequency:†		
Weekly/biweekly	$ 70,333 (6)	$33,498 (8)
Monthly	63,829 (43)	30,793 (44)
Other	53,452 (19)	29,749 (13)
By average total pages produced annually:†		
Up to 499	$ 49,281 (13)	$32,604 (22)
500-999	41,474 (8)	30,258 (14)
1,000-1,499	49,692 (12)	29,754 (13)
1,500-2,999	69,684 (19)	29,347 (7)
3,000 or more	98,962 (13)	36,896 (5)

Coated paper: What can publishers expect?

What are the economic trends in the supply/demand balance of coated paper, and what do they mean to your bottom line?

By Arthur C. Veverka

More and more magazines are vying for shares of the available ad dollars; the electronic media are offering increasing opportunities to advertisers; and postal rates are up. Magazine publishers are struggling. They are not only looking for ways to attract additional revenue, but also diligently seeking ways to control costs. In this environment, having the right supply of paper at the right price will have a critical effect on the publisher's bottom line.

Demand: The end-use markets

In examining the demand for any grade of paper, it is necessary to understand what is happening in its primary end-use markets. Thus, we will look at the factors that have influenced the demand for coated paper in the five most important end-use markets as they relate to publishers. These are magazines, direct mail, catalogs, inserts/flyers and coupons.

The magazine end-use sector consumed some 2.87 mm tons of coated paper in 1989—a decline of 122,000 tons from the 1988 level. A further drop of about 2 percent is anticipated when 1990 is analyzed. However, the news is not all bad. The magazine sector, which is represented by consumer, business, trade, comic, TV and Sunday newspaper magazines, constitutes close to 37 percent of all coated paper use. Thus, its health plays a major role in the health of the coated paper market. (Its importance is even greater if we consider only coated groundwood papers, where magazines comprise just over 50 percent of the total consumption.) And the outlook for magazines in 1991 is good. The U.S. economy should experience renewed growth (GNP +3.5 percent), which would mean that ad pages should increase substantially. In addition, weaker magazines will have been weeded out, creating a healthier environment for the surviving ones.

Paper quality continues to play a major role in magazine paper selection. Coated papers' share of the total magazine paper market increased to 76 percent in 1989. The longer term trend should be for some additional modest increase as the quality image continues to be stressed.

Publication areas that compete with magazines for coated papers are also very active. For example, catalogs and direct mail together are the second most important outlet for coated paper and constitute just about 29 percent of total consumption. For 1989, these end-users consumed 2.26 mm tons of coated paper, divided almost equally between groundwood and freesheet grades. This was a decline of just under 3 percent from 1988, and a direct result of postal rate increases in 1988. When the data are in for 1990, a recovery in consumption of about 2 percent is expected, with a further increase in excess of 4 percent for 1991.

North American coated groundwood capacity increases
Announced capacity additions

Year	Company	Location	Tonnage (short tons)	Comments
U.S. producers				
1989	Blandin	Grand Rapids, MI	220,000	Net—#5
	Champion	Bucksport, ME	40,000	Speed-ups
1994	Boise	Rumford, ME	318,000	New machine
Canadian producers				
1989	Repap	New Castle, NB	248,000	New machine
Total coated groundwood expansion			826,000	

Source: Jaakko Poyry Consulting

There were declines in demand in two other competitive end-use markets—the insert/flyer and coupon markets. The end-users saw year-over-year demand fall by 3.3 percent and 4.7 percent, respectively. A wariness

North American coated groundwood capacity 1988 - 1993

Company	1988 Tons (000)	1988 % of total	1993 Tons (000)	1993 % of total	Change Tons (000)	Change % of total
Total U.S. (API)	4,347	100.0	4,628	100.0	281.0	100.0
U.S. producers						
Blandin Paper Co.	280	6.4	480	10.4	—	—
Boise Cascade	240	5.5	290	6.3	—	—
Bowater	325	7.5	330	7.1	5.0	1.8
Champion International	657	15.1	740	16.0	83.0	29.5
Consolidated Papers	580	13.3	595	12.9	—	—
Fraser Paper Ltd.	135	3.1	155	3.3	—	—
Georgia Pacific North	110	2.5	110	2.4	—	—
International Paper	610	14.0	630	13.6	20.0	7.1
James River	270	6.2	245	5.3	(25.0)	-8.9
Mead Corporation	300	6.9	315	6.8	15.0	5.3
Midtec Paper	175	4.0	180	3.9	5.0	1.8
Niagara of Wisconsin	220	5.1	225	4.9	5.0	1.8
Weyerhaeuser Paper	178	4.1	180	3.9	—	—
Total U.S. identified	4,080	93.9	4,475	102.9	395.0	140.6
Total Canada (CPPA)	380	100.0	687	100.0	307.0	100.0
Canadian producers						
Provincial Paper	40	10.5	52	7.6	12.0	3.9
Kruger Inc.	140	36.8	165	24.0	25.0	8.1
Miramichi/Repap	200	52.6	448	65.2	248.0	80.8
Total Canada identified	380	100.0	665	96.8	285.0	92.8

Note: API—American Paper Institute; CPPA—Canadian Pulp & Paper Association. API capacity assumes incremental increases not identified by company

Source: Jaakko Poyry Consulting

about the economy and its growth fueled these declines. Actual tonnage levels in 1989 were 615,000 tons for the insert/flyer market and 411,000 tons for coupons.

For 1990, insert/flyer tonnage is forecast to be up about 3 percent and to rebound a somewhat greater percentage in 1991.

Coupons, on the other hand, are showing a very slow growth rate and seem to have reached a level of maturity. Growth is expected to be in the 1 percent range for 1990. Growth is expected to be at about 2 percent for 1991.

Factors affecting demand

Future demand for coated papers in magazines will be affected by three basic factors: a trend toward lighter basis weights; the use of recycled fiber; and a continuing push for higher quality.

On the basis weight front, 34-pound coated groundwood paper, which is the standard for many magazines, is slowly being replaced by 32-pound paper. Similarly, in the medium- to heavy-weight coated groundwood papers, the trend is toward greater use of 40-pound.

In coated freesheet, there is also a trend toward the use of lighter basis weights—although not as pronounced as in the groundwood grades.

In both cases, the basis weight trend is being driven by the fact that suppliers are offering equal quality at lower basis weights. Of course, increases in postal costs are helping substantially in this trend.

The use of recycled fiber is probably the single biggest issue currently facing the U.S. and Canadian paper industries. The push to increase the use of recycled fiber is coming from all directions, but particularly from governmental sources in response to the growing solid waste problem. Publishers are also expressing an interest in coated papers with a recycled fiber content.

The question of the use of recycled fiber, particularly when combined with quality demands, is one of the most vexing that the paper industry has faced. For certain, there are currently producers of recycled content coated papers, and these will undoubtedly increase in the future. However, almost exclusively they are using pre-consumer recycled fiber and not post-consumer fiber. The latter is the aim of the mandatory recycling/solid waste legislation that we have seen.

The third factor—quality—will continue to be a major driving force in the type of product demanded by magazine paper buyers. Higher quality grades will experience the highest growth rates. This will mean that North American paper producers will have to continue to stress quality if offshore paper producers are not to regain an increasing share of the U.S. coated magazine paper market.

To the benefit of purchasers, some producers of coated freesheet grades are upgrading their quality and producing new grades. In some instances, these grades are exhibiting characteristics of the next higher grade (*e.g.*, a No. 4 grade with No. 3 qualities), but are not being marketed or priced at the higher grade level. Rather, the paper suppliers are trying to use superior quality to gain market advantage.

Based on the factors already discussed, plus a rebound in the U.S. economy in 1991, the total demand for coated paper is expected to be strong.

The last factor affecting our 1991 forecast is an expected increase in inventory in the hands of the purchasers. Inventories are down, owing to a plentiful supply. However, the supply picture is expected to change markedly in 1991. This has led to a projected inventory increase of about 250,000 tons.

The result is an expected increase in total U.S. coated paper demand of almost 750,000 tons, or 9.0 percent, over 1990 levels. The increase is expected to be equal on a percentage basis between coated groundwood and coated freesheet papers. With the projected increase of 416,000 tons of coated groundwood grades, demand in 1991 (5,012,000 tons) will finally surpass the 1988 demand level (4,655,000 tons). Future demand increases will be moderate compared to the levels experienced for much of the 1980s (over 6 percent) as the reality of increasing competition from higher quality coated freesheet grades, improved quality uncoated grades (highly filled supercalendered paper), and a strong trend to lighter basis weights set in.

Coated freesheet will continue to be one of the highest growth grades within the paper industry for the foreseeable future.

Supply: planning ahead

In 1989, we expected the supply outlook to be good for both coated groundwood and coated freesheet. For coated groundwood, the situation changed dramatically in 1990. From last year's projected U.S. increase of almost 1 mm tons between 1988 and 1992, the current increase appears to be more in the range of 320,000 tons.

What happened? Because of falling prices, demand declines, operating rates below 90 percent, and a severe margin squeeze, a number of planned projects were either put on hold or tabled altogether. The one certain new machine in the 1990s—at Boise Cascade's Rumford mill—has been delayed from 1991 to 1993. Coupled with our U.S. demand outlook, the supply situation could be tight in 1991 and 1992.

North American coated freesheet capacity increases
Announced capacity additions

Year	Company	Location	Tonnage (short tons)	Comments
U.S producers				
1990	Champion	Quinnesec, MI	265,000	New machine
	S.D. Warren	Muskegon, MI	60,000	Machine rebuilt
	S.D. Warren	Somerset, ME	225,000	New machine
	Westvaco	Wickliffe, KY	125,000	New off machine coater
1991	Westvaco	Wickliffe, KY	125,000	New off machine coater
1992	Consolidated Paper	Wisconsin Rapids, WI	212,000	New machine
Canadian producers				
1990	Island Paper	New Westminster, BC	83,000	New off machine coater
Total coated freesheet expansion			1,095,000	

Source: Jaakko Poyry Consulting

Some relief for purchasers will come from north of the border as Canadian coated groundwood capacity increases by over 220,000 tons in the 1990-91 period. Most of this was in 1990 and is attributable to Repap's new paper machine at New Castle, New Brunswick, which started up in late 1989.

Overseas, coated groundwood capacity is still expected to expand rapidly through 1991-92. Most of this capacity is in Europe and, coupled with a slow-down in demand, is creating an oversupply situation. However, without a substantial strengthening of the U.S. dollar—and given the downward price pressures experienced—the U.S. market is not as attractive as it once was. Moreover, several U.S. producers, through the American Paper Institute, have filed anti-dumping charges against offshore suppliers for selling product at $20-$30/ton below prevailing prices (the prices being offered are supposedly below costs). Nevertheless, a tightening U.S. supply situation could cause coated groundwood prices to rise and make the U.S. market more attractive to offshore producers. This will be particularly true if operating rates in Europe, as we believe, will be below the 90 percent level for the next few years.

The capacity or supply outlook for coated freesheet is considerably better from a buyer's perspective, and more in line with last year's outlook. Then, the indication was that between 1989 and 1991 some 975,000 tons of capacity would come on line in North America. Current plans call for 945,000 tons, but two of the projects have been delayed—somewhat shifting the capacity increases toward the latter part of the period.

In addition, and over a similar period, European capacity will jump by almost 1.3 million tons, and about 400,000 tons will become available in the Far East and Australia.

With this kind of planned and, for the most part, committed capacity

North American coated freesheet capacity 1988 - 1993

	1988		1993		Change	
Company	**Tons (000)**	**% of total**	**Tons (000)**	**% of total**	**Tons (000)**	**% of total**
Total U.S. (API)	3,436	100.0	4,553	100.0	1,117.0	100
U.S. producers						
Blandin Paper Co.	10	0.3	10	0.2	—	—
Boise Cascade	85	2.5	85	1.9	—	—
Champion	280	8.1	510	11.2	230.0	20.6
Consolidated Papers	300	8.7	475	10.4	175.0	15.7
Dunn Paper Co.	20	0.6	20	0.4	—	—
Fraser Paper Ltd.	40	1.2	40	0.9	—	—
P.H. Glatfelter	40	1.2	40	0.9	—	—
International Paper	100	2.9	160	3.5	60.0	5.4
James River	110	3.2	0	0.0	(110.0)	-9.8
Mead Corporation	370	10.8	420	9.2	50.0	4.5
Midtec Paper	205	6.0	275	6.0	70.0	6.3
Northwest/Potlatch	240	7.0	310	6.8	70.0	6.3
Penntech	35	1.0	35	0.8	—	—
Plainwell (Simpson)	40	1.2	40	0.9	—	—
Simpson	250	7.3	375	8.2	125.0	11.2
S.D. Warren	800	23.3	1,220	26.8	420.0	37.6
Watervliet	20	0.6	20	0.4	—	—
Westvaco	410	11.9	700	15.4	290.0	26.0
Total U.S. identified	3,355	97.6	4,735	137.8	1,380.0	123.5
Total Canada (CPPA)	143	100.0	193	100.0	50.0	100.0
Canadian producers						
Abitibi-Price	83	58.0	115	59.6	32.0	64.0
Fraser	20	14.0	20	10.4	0.0	0.0
Island Paper Mills	—	0.0	70	36.3	70.0	140.0
Miramichi Pulp & Paper	—	—	—	—	—	—
Rolland	20	—	20	—	—	—
Total Canada identified	123	86.0	225	116.6	102.0	204.0

Note: API—American Paper Institute; CPPA—Canadian Pulp & Paper Association

Source: Jaakko Poyry Consulting

increases, the worldwide supply picture, if you are a purchaser, probably will remain good in 1992.

The supply/demand balance

For publishers anxious to control costs, the supply:demand ratio is a critical element in determining the pricing environment for purchasing a given grade of paper. If the demand:supply ratio (expressed as operating rate by the industry) is below 90 percent, the pricing environment will favor the publisher. Above 93 percent, the supplier has the upper hand.

The pricing environment through 1991 will be mixed. In coated groundwood, the expected increase in demand will not be accompanied by a supply increase, since much of the planned North American capacity increases are on hold. Therefore, publishers are likely to experience rising prices for coated groundwood paper at least through 1991, and very possibly in 1992. However, the situation in coated freesheet will probably put some limit on price increases.

For coated freesheet, publishers will find a better pricing environment. Demand grades will be very good, but matched by an ever greater increase in supply. The result is forecast to be an overcapacity situation for the next several years. Operating rates will be below 90 percent at least through 1992. Suppliers could well have difficulty achieving any meaningful price increases.

For the publisher, the quality situation is also likely to get better in the next few years. New suppliers are likely to strive for very high quality levels in order to secure a market position. It is even possible, if not likely, that publishers may be able to purchase, for example, No. 3 quality coated freesheet at No. 4 price levels.

If coated groundwood producers try to take advantage of the forecast tight supply situation and push prices up considerably, they will be inviting the end-users to switch to coated freesheet grades, which may very well be available at attractive prices. Given the improved print quality of coated freesheet, this might be an opportunity for publishers to upgrade their own quality image. At the very least, it will provide some sort of a check on coated groundwood prices.

Arthur C. Veverka is president of Jaakko Poyry Consulting, the Briarcliff Manor, New York-based subsidiary of an international consulting and engineering firm specializing in forest products, printing and print media.

Note: Information as to supply/demand and capacity is continually changing. Look for an update on coated paper in an upcoming issue of FOLIO: magazine for the most current market picture.

Uncoated paper: Emerging trends

Higher quality grades of uncoated paper might prove a logical choice for publishers trying to control costs

By Arthur C Ververka

For most publishers, uncoated papers do not constitute a major part of their paper needs. Nevertheless, they are important grades as they represent a lower-cost alternative to the coated grades. Moreover, continuing quality improvements, particularly in the supercalendered grades, are providing ever increasing opportunities to substitute uncoated for coated paper. Given the fact that publishers, more than ever, need to control costs, the development of higher quality uncoated grades bears watching.

A year ago, we indicated several trends that appeared to be emerging in the uncoated grades:

- A shift within uncoated groundwood grades from machine finished (MF) to supercalendered (SC).
- Continuing quality improvements in SC paper.
- A supply/demand balance favoring the buyers—*i.e.*, supply exceeding demand by a significant margin.

The shift away from MF

How do we view these trends today? The shift away from machine finished grades has started, but the shift has not been all to supercalendered paper. We are now seeing the introduction of soft calendered grades as older paper machines are upgraded and soft calendering technology is adapted.

The quality of SC paper has been improving, but the most dramatic increases in quality are still ahead of us. The next few years should see the introduction of supercalendered grades with high levels of calcium carbonate filler. This will provide a better printing surface, greater opacity and a brighter sheet.

IN SUMMARY

- **Publishers concerned about costs are looking at uncoated papers, particularly uncoated groundwood, as a lower-cost alternative to coated paper.**
- **Because of the economic slowdown of 1990 and 1991, paper buyers will be in a very favorable position for the next couple of years. Prices for uncoated groundwood may be more negotiable, while prices for uncoated freesheet should remain stable.**
- **Demand for uncoated groundwood paper has two distinct trends: up for the supercalendered segment, and down for the machine-finished grades.**
- **North American capacity for uncoated groundwood is expected to increase by only 254,000 short tons through 1993. All of this will come from Canada, which at present supplies 41 percent of total U.S. uncoated groundwood needs. The total U.S. capacity for uncoated freesheet grades of 12.2 million tons in 1989 is expected to increase by 1.45 million tons in the next year or so.**

Last, the supply/demand balance may temporarily shift to a more neutral position (vis-a-vis buyers and sellers). Longer term, the outlook will probably still favor the buyer.

For the uncoated paper outlook we will examine two primary grades: uncoated groundwood and uncoated freesheet. Within uncoated groundwood, supercalendered and soft-calendered papers will be addressed separately. From a publisher's viewpoint, the uncoated groundwood grades are the most important, constituting over 58 percent of the total uncoated grades used by the printing industries. The balance is uncoated freesheet, but its share is expected to increase slowly over time in direct response to the growth in commercial printing, where freesheet is favored over groundwood.

Conversely, the printing industry is the most important business segment for uncoated groundwood papers. In 1989, the major end-users were as follows: magazines, 19 percent; inserts/flyers, 25 percent; catalogs, 12 percent; directories, 19 percent; commercial printing, 7 percent; other printing industry uses, 6 percent; and all other uses, 12 percent.

By contrast, the printing industry accounted for only about 22 percent of uncoated freesheet paper usage. A breakdown by major end-use for 1989 shows the following: direct mail, 4 percent; book publishing, 4 percent; commercial printing, 11 percent; other printing industry uses, 3 percent; and all other uses, 78 percent. Magazine usage accounted for only 0.8 percent of the total. The primary

North American uncoated groundwood capacity 1988 - 1993

Company	1988 Tons (000)	1988 % of total	1993 Tons (000)	1993 % of total	Change Tons (000)	Change % of total
Total U.S. (API)	1,696.0	100.0	1,975.0	100.0	279.0	100.0
U.S. producers						
Appleton	35.0	2.1	35.0	1.8	—	—
Boise Cascade	40.0	2.4	40.0	2.0	—	—
Bowater	40.0	2.4	40.0	2.0	—	—
Champion	240.0	14.2	240.0	12.2	—	—
James River	80.0	4.7	80.0	4.1	—	—
Daishowa America	75.0	4.4	75.0	3.8	—	—
Fraser Paper Ltd	145.0	8.5	145.0	7.3	—	—
Georgia-Pacific	40.0	2.4	40.0	2.0	—	—
Great Northern	270.0	15.9	226.0	11.4	(44.0)	-19.5
Hennepin Paper Co.	20.0	1.2	20.0	1.0	—	—
Kimberly-Clark	90.0	5.3	90.0	4.6	—	—
Imperial Paper Co.	10.0	0.6	10.0	0.5	—	—
Lake Superior Paper Ind.	180.0	10.6	180.0	9.1	—	—
Lyons Falls Pulp & Paper	20.0	1.2	20.0	1.0	—	—
Madison Paper Co.	175.0	10.3	175.0	8.9	—	—
Manistique Paper	35.0	2.1	35.0	1.8	—	—
Mead Paper Co.	40.0	2.4	40.0	2.0	—	—
Pejepscot Paper	55.0	3.2	55.0	2.8	—	—
Seaman Paper	10.0	0.6	10.0	0.5	—	—
Total U.S. identified	1,600.0		1,556.0			
Total Canada (CPPA)	1,648.0	100.0	2,225.0	100.0	577.0	100.0
Canadian producers						
Abitibi-Price	450.0	27.3	500.0	22.5	50.0	8.7
Boise Cascade Canada Ltd.	270.0	16.4	320.0	14.4	50.0	8.7
Bowater Mercy	10.0	0.6	10.0	0.4	—	—
Canadian Pacific	420.0	25.5	420.0	18.9	—	—
Consolidated-Bathurst	420.0	25.5	420.0	18.9	—	—
Domtar, Inc.	190.0	11.5	190.0	8.5	—	—
F.F. Soucy	55.0	3.3	55.0	2.5	—	—
K.C. of Canada	20.0	1.2	20.0	0.9	—	—
Kruger Pulp and Paper	15.0	0.9	92.0	4.1	77.0	13.3
Macmillan-Bloedel	440.0	26.7	440.0	19.8	—	—
Ontario Paper Co.	20.0	1.2	20.0	0.9	—	—
St. Mary's Paper Inc.	160.0	9.7	160.0	7.2	—	—
St. Raymond Paper Ltd.	80.0	3.6	27.0	1.2	(33.0)	-5.7
Stone Consolidated	0.0	0.0	154.0	6.9	154.0	26.7
Total Canada identified	2,530.0		2,674.0			

Note: API—American Paper Institute; CPPA—Canadian Pulp and Paper Association. Source: Jaakko Poyry Consulting

nonprinting applications for uncoated freesheet are business forms and copy paper.

In looking at uncoated paper use, we will concentrate on uncoated groundwood and review the likely demand by major end-use category.

Consumption of uncoated groundwood grades for magazines amounted to some 671,000 tons in 1989, a slight increase over 1988. A very modest decline, under 1 percent, is expected after analysis of 1990 data, with a slightly better recovery in 1991. This optimism for 1991 is based on two factors. First, we expect more SC paper to be available because of conversions/upgrades of existing paper machines. Second, publishers who want to improve margins during an economic slowdown are more likely to consider uncoated grades.

Balancing the mix

The mix between coated and uncoated papers used for magazines will probably shift slightly in favor of uncoated paper in the short run because of economic considerations, but for the longer term, coated paper will marginally increase its share from the current 76 percent level.

Directories used just unde 660,000 tons of uncoated groundwood papers in 1989. This represent almost a 4 percent increase ove 1988. Growth in 1990 and 1991 wil be much more modest, averaging les than 2 percent per year. For the mos part, directory papers are an unfilled machine finished grade. The trend i these grades will be in two directions a move toward lighter basis weights and a requirement to include som recycled fiber content.

It should be noted that thes trends are somewhat at odds wit each other. Lighter basis weight require stronger fiber, but recycle fiber is generally weaker than virgi fiber. Producers will need to cop with this dilemma.

Catalogs, like magazines, rely predominantly on coated grades for thei paper needs. Image and print qualit are the primary driving forces Currently, three-fourths of all pape used for catalogs is coated. Of th uncoated paper used, some 88 pe cent is groundwood and 12 percen freesheet. Uncoated demand in 198 was off almost 3 percent from 198 and amounted to 431,000 tons. Fo 1990, demand remains essentially th same, and will likely experience very modest uptick in 1991.

Inserts and flyers make up the las of the major end-users for uncoate groundwood papers. Approximatel 865,000 tons went for this end-use i 1989. Almost 80 percent of this wa supercalendered paper. Growth i this market had been excellent (ove 5 percent per year), but slowed considerably in 1989 to the 1 percen range. Growth in 1990 and 1991 i not expected to improve to any grea degree.

In total, the 1989 demand fo uncoated groundwood papers wa just under 3.5 million tons. The projection for 1990 is 3.67 million tons with a further increase of som 200,000 tons in 1991. (It should b pointed out that some of the appare increase between 1989 and 1990 wa due to a revision in the Canadia import statistics. Figures for 1990 ar based on the new classification method, which increases uncoated groundwood and decreases newsprint. Corrections were made to 1989 data, but they are still under review.)

The forecast for 1991 reflects an economic slowdown lasting through mid-year, with a gradual recovery thereafter. It also reflects our belief that an economic slowdown helps uncoated groundwood grades at the expense of coated grades.

For uncoated freesheet use in the printing industry, commercial printing applications are, and will continue to be, the dominant driving forces. Consumption during 1989 declined by about 75,000 tons (or 2.6 percent) from the prior year to a level of 1,237,000 tons. Two other significant printing industry applications—direct mail and book publishing—also showed modest declines between the years 1988 and 1989. Together, these usages constitute almost 1 million tons.

Looking to the future, we can expect uncoated freesheet usage in the printing industry to decline further. Declines in the 1 to 2 percent range are anticipated over the 1990-1991 period. In 1989, total uncoated freesheet demand within the printing industry was 2,560,000 tons. By the end of 1991, demand will have fallen by about 60,000 tons.

SC: quality improvements

Before we look at the supply side of the equation, it is worthwhile taking a closer look at the demand for supercalendered papers. As previously mentioned, the demand for uncoated groundwood papers has two distinct trends—upward for the supercalendered segment and downward for the machine finished part. Use of SC papers is almost exclusively in three end-use areas: magazines, catalogs and inserts/flyers. Between 1988 and 1989, the SC growth in these categories was 10 percent, 5.2 percent and 5.2 percent, respectively. This growth is being fueled by two technological developments. First is the development of soft-nip calendering technology, which has allowed unfilled MF and newsprint grades to be upgraded to SC-C quality levels at reasonable capital investment levels. Furthermore, it has allowed some producers to include filler in their furnish to produce a SC-B quality.

Also, producers of the highest quality SC papers (SC-A) have been increasing filler levels. These levels, in some cases, are over 25 percent and result in a sheet print quality comparable to coated groundwood papers.

Second, experiments using calcium carbonate as the filler material are underway. This will further improve print quality as well as give a brightness increase. It is possible that we will see such a premium grade being offered in 1991.

Because of these technological advances, it is expected that SC grades will continue to take market share from uncoated MF grades. It is too soon to tell if they will have a major impact on coated groundwood grades. As a result, growth of SC papers in the end-use areas cited before will continue to increase at rates similar to the 1988/89 period.

Available supply

The total U.S. production capacity for uncoated groundwoods in 1989 was approximately 1.85 million short tons. The total North American capacity for uncoated groundwood is expected to increase by only some 254,000 short tons through 1993. All of this increase will come from increases in Canada's uncoated groundwood capacities. Canada, at present, supplies almost 41 percent of the total U.S. uncoated groundwood consumption needs.

Offshore imports of these grades will probably increase by another 100,000 tons over the next couple years to supply increasing demands for high-quality SC papers.

It should be noted that the projected North American capacity increases are somewhat less than had been expected last year. The uncertain economic outlook has caused some projects to be shelved and others to be delayed. The one new machine—Stone Consolidated at Grand Mere—will produce an SC-B grade using the soft-nip calendering technology.

The supply outlook for uncoated freesheet grades differs considerably from that of the uncoated groundwoods. In 1989, the total U.S. capacity for producing uncoated freesheet was almost 12.2 million tons. This capacity is expected to be increased by an additional 1.45 million tons in the next year or so. It is apparent that most of these tonnage increases will be made by U.S. producers. In the case of the uncoated freesheet grades, imports play a very minor role in the overall United States supply picture, and this is expected to continue in the future.

The outlook

It is apparent that paper buyers will be in a very favorable position during the next couple of years. With the economic slow-downs of 1990 and 1991, the general paper demands and paper company operating rates are expected to be down. For the uncoated groundwoods, operating rates are expected to decline from 95 percent in 1989 to 93.5 percent in 1991. This will put some pricing pressures on the paper suppliers and offer paper buyers advantages in their negotiations for paper.

A potential negative from the buyer's outlook is the lack of coated groundwood capacity. As noted in the article on coated paper (see "Coated paper: What can publishers expect?"), producers should be able to raise prices and improve the profitability picture for the grade. Uncoated groundwood producers, particularly the Canadians who have also suffered because of foreign exchange rates, may well follow their lead. Currently, SC grades are being discounted up to $50/ton in response to discounts on coated groundwood grades.

Operating rates for uncoated freesheet are expected to show a slight reverse trend. In this case, operating rates are expected to increase from an average of 91.2 percent in

1989 to 92.4 percent in 1991. This should produce a relatively stable pricing environment with price increases generally matching inflation.

Altogether, between capacity increases and generally softening paper demands expected during the next couple years, printers and publishers are apt to experience less economic stress associated with buying uncoated paper than as a result of the postal rate increases of 1991. In looking for ways to cope with higher printing and postal costs, there will be a continuing need to evaluate paper grade options.

A global market

The paper industry is becoming more and more of a global market in which shifting global demands may have increasingly important effects on the supply/demand situations facing various facets of the U.S. printing and publishing communities.

In the short term, U.S. paper buyers have a comfortable outlook. In the long term, the unification of Europe and the opening of the Eastern bloc countries may dramatically change this outlook. This may not be all bad news. After all, a unified Europe—with no import/export restrictions between countries and a united currency situation—may offer greater growth potentials for U.S. printers than those offered by the North American markets. Much depends upon how the industry views this future—as either a threat or an opportunity.

Arthur C. Veverka is president of Jaakko Poyry Consulting, the Briarcliff Manor, New York-based subsidiary of an international consulting and engineering firm specializing in forest products, printing and print media.

Note: Information as to supply/demand and capacity is continually changing. Look for an update on uncoated paper in an upcoming issue of FOLIO: magazine for the most current market picture.

North American uncoated freesheet capacity 1988 - 1993

	1988		1993		Change	
Company	Tons (000)	% of total	Tons (000)	% of total	Tons (000)	% of total
Total U.S. (API)	11,897.0	100.0	13,675.0	100.0	1,778.0	100.0
U.S. producers						
International Paper/ Hammermill	1,812.5	15.2	1,847.5	13.5	35.0	2.0
Champion	1,153.0	9.7	1,373.0	10.0	220.0	12.4
Boise Cascade	864.3	7.3	1,152.3	8.4	288.0	16.2
James River (CZ)	791.8	6.7	791.8	5.8	—	—
Georgia-Pacific	760.0	6.4	1,085.0	7.9	325.0	18.3
Nekoosa Papers	719.5	6.0	719.5	5.3	—	—
Union Camp	579.9	4.9	869.9	6.4	290.0	16.3
Westvaco	481.6	4.0	281.6	2.1	(200.0)	-11.2
Mead	466.9	3.9	466.9	3.4	—	—
P.H. Glatfelter/Ecusta	405.4	3.4	405.4	3.0	—	—
Simpson Paper (Plainwell)	415.2	3.5	415.2	3.0	—	—
Weyerhaeuser	400.0	3.4	400.0	2.9	—	—
Stora/Newton/Mohawk	207.6	1.7	207.6	1.5	—	—
Finch Pruyn & Co. Inc.	166.1	1.4	166.1	1.2	—	—
Potlatch	161.2	1.4	161.2	1.2	—	—
Allied Paper Inc.	155.3	1.3	155.3	1.1	—	—
Appleton Papers, Inc.	151.4	1.3	151.4	1.1	—	—
Fraser	148.0	1.2	148.0	1.1	—	—
Pentair Paper Co.	143.9	1.2	143.9	1.1	—	—
Temple Inland Inc.	141.5	1.2	141.5	1.0	—	—
Willamette Industries	141.5	1.2	396.5	2.9	255.0	14.3
E.B. Eddy Group	140.2	1.2	140.2	1.0	—	—
Wausau	127.8	1.1	127.8	0.9	—	—
Warren	108.1	0.9	108.1	0.8	—	—
Grays Harbor Paper Co.	108.1	0.9	108.1	0.8	—	—
Kimberly-Clark Group	102.2	0.9	102.2	0.7	—	—
Sorg	98.3	0.8	98.3	0.7	—	—
Howard	74.7	0.6	74.7	0.5	—	—
Penntech	73.7	0.6	73.7	0.5	—	—
Scott Paper Co.	64.9	0.5	64.9	0.5	—	—
Lyons Falls Pulp & Paper	61.9	0.5	61.9	0.5	—	—
Lincoln Pulp & Paper	49.1	0.4	49.1	0.4	—	—
Badger	47.2	0.4	47.2	0.3	—	—
Valentine Pulp & Paper	41.3	0.3	41.3	0.3	—	—
Fitchburg Paper Corp.	38.1	0.3	38.1	0.3	—	—
Kerwin Paper Co.	34.4	0.3	34.4	0.3	—	—
Fletcher Paper Co.	29.5	0.2	29.5	0.2	—	—
Fox River Paper Co.	29.5	0.2	29.5	0.2	—	—
Shawano Paper Mills	29.5	0.2	29.5	0.2	—	—
Ward Paper Co.	23.6	0.2	23.6	0.2	—	—
Monadnock Paper Mills	21.6	0.2	21.6	0.2	—	—
Byron Weston Co.	20.6	0.2	20.6	0.2	—	—
Linweave Paper Co.	19.7	0.2	19.7	0.1	—	—
French Paper Co.	17.7	0.1	17.7	0.1	—	—
Rising Paper Co.	14.7	0.1	14.7	0.1	—	—
Crane & Co.	14.7	0.1	14.7	0.1	—	—
Potsdam Paper Mills	11.8	0.1	11.8	0.1	—	—
George A. Whiting Paper	7.9	0.1	7.9	0.1	—	—
NVF Company	7.4	0.1	7.4	0.1	—	—
Minnesota Mining & Mfg.	4.9	0.0	4.9	0.0	—	—
Southworth Co.	4.4	0.0	4.4	0.0	—	—
Esleek Manufacturing Co.	4.4	0.0	4.4	0.0	—	—
Total U.S. identified	11,698.5		12,911.5			
Total Canada (CPPA)	1,153.0	100.0	1,702.0	100	549.0	100.0
Canadian producers						
Domtar Inc.	454.1	39.4	614.1	36.1	160.0	29.1
E.B. Eddy	128.8	11.2	128.8	7.6	—	—
Fraser Paper Ltd.	110.0	9.5	110.0	6.5	—	—
Canadian Pacific Forest Products Ltd.	119.9	10.4	314.9	18.5	195.0	—
Island Paper	117.9	10.2	117.9	6.9	—	—
Rolland	128.8	11.2	128.8	7.6	—	—
Weyerhaeuser	93.5	8.1	93.5	5.5	—	—
Total Canada identified	1,153.0		1,508.0			

Note: API—American Paper Institute; CPPA—Canadian Pulp & Paper Association. Source: Jaakko Poyry Consulting

Paper outlook

What are magazine publishers using?

(based on responses to MPA Paper Survey)

Basis weights as % of total tonnage

Basis weight (lighter than or equal to)	1989	1990	1991
32 lbs.	3.67%	12.00%	16.40%
34 lbs.	30.88	22.57	18.00
36 lbs.	14.19	13.31	12.62
38 lbs.	4.96	4.80	5.20
40 lbs.	22.07	24.27	25.15
45 lbs.	8.22	7.27	6.97
50 lbs.	8.18	8.27	8.20
55 lbs.	0.48	0.52	0.57
60 lbs. (and above)	.35	6.99	6.89

Basis weights as % of publishers using

Basis weight (lighter than or equal to)	1989	1990	1991
32 lbs.	12.20%	15.90%	14.60%
34 lbs.	29.30	28.10	26.80
36 lbs.	22.00	19.50	17.10
38 lbs.	20.70	19.50	22.00
40 lbs.	68.30	73.20	69.50
45 lbs.	46.30	43.90	38.80
50 lbs.	46.30	41.50	39.00
55 lbs.	9.80	8.50	8.50
60 lbs. (and above)	97.60	100.00	100.00

Source: Magazine Publishers of America

As a percentage of total tonnage, 40-lb. stock holds the largest share, usurping 34.lb, which represented 30.88 percent of total tonnage in 1989. This is also shown in the percentages of publishers using 40-lb. and 34-lb. stocks over the three-year period. And the huge percentage of magazine publishers in the survey who indicate that they use 60-lb. (and above) stocks reflects the growing concern for increasing response, both on the newsstand and to inserts and direct mail, through the use of higher-grade paper stocks.

Tonnage usage by paper type

(based on responses to MPA Paper Survey)

Groundwood

	1989	1990	% Change	1991	% Change
North American coated groundwood	1,152,862	1,138,975	- 1.2	1,183,241	3.9
North American uncoated groundwood	220,502	229,879	4.3	242,021	5.3
Overseas coated groundwood	59,294	69,822	17.8	77,399	10.9
Overseas uncoated groundwood	740	850	14.9	610	-28.2
North American supercalendered	30,077	31,047	3.2	31,203	0.5
Overseas supercalendered	8,228	9,697	17.9	11,501	18.6
Total groundwood	1,471,703	1,480,270	0.6	1,545,975	4.4

Freesheet

	1989	1990	% Change	1991	% Change
North American coated freesheet	172,240	177,086	2.8	183,161	3.4
North American uncoated freesheet	16,688	16,920	1.4	17,254	2.0
Total freesheet	188,928	194,006	2.7	200,415	3.3
Total tonnage	1,660,631	1,674,276	0.8	1,746,390	4.3

Source: Magazine Publishers of America

According to the more than 300 magazine titles represented in the MPA survey, a slow but steady increase in total paper consumption is indicated through 1991. The biggest changes over the three-year period are reflected in respondents' use of overseas uncoated groundwood—down 28.2 percent since 1990—and the increased reliance on supercalendered paper from overseas suppliers—up 18.6 percent from the year before.

Paper prices

Average prices for printing/writing grades
($/short ton; percent change from previous year)

	1988	1989	1990	1991	1992	1993
Uncoated groundwood	$784	$803	$782	$790	$830	$880
Percent change	13.3	2.4	-2.7	1.1	5.1	6.0
Coated paper	1,027	1,068	1,030	989	1,050	1,140
Percent change	12.1	4.0	-3.6	-4.0	6.2	8.6
Uncoated freesheet	901	920	895	880	923	985
Percent change	13.8	2.1	-2.7	-1.7	4.9	6.7

Source: FORECASTER May/June 1991, Miller Freeman Inc.

Average annual prices for printing/writing paper grades are expected to fall by 2 percent to 4 percent this year, which makes this the second year in a row that prices have dropped. However, recovery is predicted for 1992, with price levels forecast to be close to their 1989 highs by the end of the year, with greater price increases in 1993.

Forecast for coated paper

Percent change from prior year (tonnage 000 short tons)

	1989	1990	1991	1992	1993
Production	7,215	7,521	7,751	8,224	8,606
Change (%)	-2.0	4.2	3.1	6.1	4.6
Exports	168	220	226	239	290
Change (%)	73.2	31.0	2.7	5.8	21.3
Imports	774	936	975	1,030	1,055
Change (%)	-2.9	20.9	4.2	5.6	2.4
New supply	7,821	8,237	8,500	9,015	9,371
Change (%)	-3.0	5.3	3.2	6.1	3.9
Capacity	7,847	8,032	8,576	8,974	9,178
Change (%)	0.8	2.4	6.8	4.6	2.3
Operating rate (%)	91.9	93.6	90.4	91.6	93.8
Prices ($/short ton)					
No. 1, +70-lb.	1,590	1,575	1,525	1,599	1,675
Change (%)	6.3	-0.9	-3.2	4.8	4.8
No. 3, 60-lb rolls	1,180	1,120	1,074	1,120	1,200
Change (%)	8.8	-5.1	-4.1	4.3	7.1
No. 5, 34-lb. roto	955	940	903	978	1,080
Change (%)	-1.3	-1.6	-4.0	8.3	10.5

Forecaster May/June 1991, Miller Freeman Inc.

Demand for coated papers is expected to increase substantially in the second half of 1991, partially because publishers and printers are beginning to rebuild their inventories. Accompanying this increase in demand will be a firming in prices, although a full price recovery is not forecast until the middle of 1992.

Forecast for uncoated freesheet

Percent change from previous year (tonnage 000 short tons)

	1989	1990	1991	1992	1993
Production	1,081	1,510	1,841	12,559	3,090
Change (%)	-1.7	3.9	2.9	6.1	4.2
Exports	122	230	249	304	320
Change (%)	50.6	88.5	8.3	22.1	5.3
Imports	583	752	841	945	1,040
Change (%)	-1.5	29.0	11.8	12.4	10.1
New supply	11.542	12.032	12,433	13,200	13,810
Change (%)	-2.1	4.2	3.3	6.2	4.6
Capacity	12,107	12,161	12,708	13,126	13,450
Change (%)	2.1	0.4	4.5	3.3	2.5
Operating rate (%)	91.5	94.6	93.2	95.7	97.3
Prices ($/short ton)					
Offset, 50-lb. rolls	845	818	785	845	895
Change (%)	1.8	-3.3	-4.0	7.6	5.9
Offset, 45-lb sheets	975	940	930	960	1,040
Change (%)	3.4	-3.6	-1.1	3.2	8.3

Forecaster May/June 1991, Miller Freeman Inc.

Overall, prices for uncoated freesheet will average lower than 1990 levels, but by the middle of 1992, significant price increases are forecast, as well as upward trends in production and capacity.

Forecast for uncoated groundwood

Percent change from previous year (tonnage 000 short tons)

	1989	1990	1991	1992	1993
Production	1,743	1,768	1,802	1,850	1,885
Change (%)	7.3	1.4	1.9	2.7	1.9
Exports	86	75	86	92	95
Change (%)	22.9	-12.8	14.7	7.0	3.3
Imports	2,155	2,420	2,473	2,738	2,890
Change (%)	0.3	12.3	2.2	10.7	5.6
New supply	3,812	4,113	4,189	4,496	4,680
Change (%)	3.0	7.9	1.8	7.3	4.1
Capacity	1,873	1,926	1,920	1,935	1,955
Change (%)	8.0	2.8	-0.3	0.8	1.0
Operating rate (%)	93.1	91.8	93.9	95.6	96.4
Prices ($/short ton)					
Rotonews, 30-lb.standard	615	620 —	635	658	685
Change (%)	-3.8	0.8	2.4	3.5	4.2
Directory, 22.5-lb.	798	763	785	825	870
Change (%)	4.5	-4.4	3.0	5.1	5.5
Supercalendered, 34-lb.	808	800	795	840	890
Change (%)	0.3	-0.9	-0.6	5.7	6.0

Forecaster May/June 1991, Miller Freeman Inc.

As capacity outpaces demand, market conditions for uncoated groundwood will be quite competitive. For supercalendered paper in particular, price firming is not likely until the end of the year, but a recovery is expected in 1992-1993.

Is your paper really recycled?

Grappling with the definitions and requirements of recycled paper grades

By Cary Peyton Rich, Staff Reporter

It all depends on your definition of recycled: Should the use of pre-consumer fibers—say, mill paper scraps or clippings from envelope production—count as recycled paper, or should the term refer only to paper with post-consumer fibers?

"Obviously, we don't want pre-consumer waste to become part of the landfills," says Mark Floegel, Greenpeace campaigner for U.S. pulp and paper. "But then again, it never really was." The ultimate goal, he adds, should be to use paper with fibers that are already destined for the landfills—in other words, post-consumer fibers.

Chances are, the recyled paper you bought to print your magazine on contains few or no post-consumer fibers. "Most magazines that have recycled paper, 99 percent of it is pre-consumer," says Dan Sandoval, editor of "Fibre Market News," a weekly newsletter for the secondary fibers industry. "It all depends on who you talk to. If you talk to the tree-huggers, they have a point. But in their zeal to get recycled paper, they want it all post-consumer." Sandoval observes that the quality of recycled paper with post-consumer fibers is poor when it is compared to that of paper containing pre-consumer fibers.

Shopping for quality

Floegel agrees. "[For magazine grades,] there's not going to be a majority of post-consumer fibers because you can't get the quality most magazines need." He recommends shopping for a paper that is 40 percent recycled with a maximum of 20 percent post-consumer fibers. "You really can't go much higher than that and maintain the quality," he says.

"A very slick, glossy magazine is going to find it hard to get anything acceptable. For a magazine like *Whole Earth News* [which uses a lower grade of paper], it's easier. There are a lot more recycling options for those magazines."

> **Chances are, your recycled paper contains few or no post-consumer fibers. "Most magazines that have recycled paper, 99 percent of it is pre-consumer."**

Tom Breeland, vice president of marketing for Niagara of Wisconsin Paper Corporation, reports receiving an overwhelming response to a recently introduced coated recycled grade. Pentair Recycle Gloss is available only in basis weights of 50, 60 and 70 lbs., something Breeland expects to change in the coming years. Lighter paper can't be made because of the contaminants that get in during the recycling process.

Environmentally sensitive magazines make up a major portion of Niagara's clientele. For mass market titles, Breeland admits that the paper might be suitable only for the covers because of its weight and slightly higher cost. *Sierra* magazine, for example, uses the paper for covers and special inserts.

Looking for a definition

But the task of knowing what kind of recycled fibers are in the paper you buy still remains. "There are a lot of people grappling with definitions," notes Sandoval.

San Francisco-based Conservatree Paper Company is angered by the directives of the Environmental Protection Agency (EPA). It has installed a grading system designed to let customers know the origins of recycled fibers in paper. The EPA guidelines mandate that government agencies use paper with 50 percent recycled fibers—but doesn't require them to be post-consumer. In fact, the EPA recently revealed a new proposal to define paper made from sawdust as recycled. "EPA's definition does nothing about the real solid waste problem," Conservatree's president, Alan Davis, has said.

Under Conservatree's ranking system, paper is graded between C-4 and C-1+. Paper that meets the EPA's standard receives the lowest grade, C-4. Stock made of materials directly from the mill, even if they require no deinking, ranks C-3. Stock labeled C-2 contains some deinked fiber; products that meet California's requirement of including post-consumer waste rank C-1. Paper the exceeds that standard is graded C-1+.

The percent of recycled content and the brightness reading are also part of the grading system.

The American Paper Institute (API) has declared a goal of gathering 40 percent of all paper products for recycling by the year 1995.

Low recovery expected

The U.S. paper industry divides waste paper into five principal grades: old newspapers, old corrugated containers, mixed papers (including magazines), high-grade deinking papers (computer paper and tabulating cards) and pulp substitutes. Mixed papers include any that are not in the other categories; they have the lowest recovery rate: 13 percent. By 1995, the recovery rate is expected to rise only to 15 percent, or 4.1 million tons.

While the goal of 40 percent overall recovery by 1995, established by the American Paper Institute, does include pre-consumer waste, API expects an 88 percent, or 14 million ton, increase in post-consumer wastepaper recovery. More than 37 percent of all post-consumer paper and paperboard discards will need to be recovered to satisfy demand in 1995, according to API.

Currently, magazines are a small part of the recycling recovery process. API figures that 11 percent of the gross discards of magazines and books are recovered. But Sandoval predicts that "it's going to really take off in the next two years. There are mills accepting magazines now [for the mills' production of newsprint]." Through use of a flotation system, the clay coating and inks can be removed from the fibers. The coating is then used in place of bleach to produce a whiter paper.

Keeping the pressure on

"In this country, we've been very lax in recycling coated paper," observes Greenpeace's Floegel. "There are very few mills using it, and those mills that do are using a very crude recycling method." The fibers recovered using a crude method are good only for low-end uses such as tissue paper. Although Floegel agrees that it is necessary to create those products, he adds that other systems are more adaptable. European mills, for example, have much more sophisticated methods of recycling coated stock, which gives them more flexibility in making products from those fibers. "There is talk about some mills like that starting in North America, which would be great," Floegel says.

If publishers keep the pressure on, eventually there will be more and more options. Let paper companies know there is a market for coated recycled paper. It certainly seems to be the time to look at recycling options. As *Wisconsin Natural Resources* editor Larry Sperling says, "We're trying recycled paper for the same reason everyone else is: We think it's the right thing to do."

The magazine had no problem printing on the recycled stock. "The printer ran the press a little bit slower, to adjust the temperatures a bit," Sperling says, "then on the same press at more or less the same speed."

Selected coated recycled publication grades

Manufacturer	Paper name	Category	Minimum recycled content (%)	Post-consumer content (%)	Date introduced
Champion	Sunweb Recycled	No. 4	50%	10%	1/91
	Textweb Recycled	No. 5	50	10	1/91
Consolidated	ConCycle	No. 4	50	0	11/90
Mohawk Paper Mills	Mohawk 50/10	Premium	50	10	12/90
Niagara of Wisconsin	Pentair Recycle Gloss	No. 4	58	24*	6/90
Papyrus Newton Falls	Champlain Gloss	No. 1	50	0	1/91
	St. Lawrence Gloss	No. 3	50	0	1/90
Repap	Publication Recycle	No. 5	50	10	2/91
	REC Gloss	No. 4	50	10	7/90
Simpson	Evergreen	No. 3	50	0	4/90
Westvaco	American Eagle Web Offset	No. 2	50	0	1/91

* Niagara defines this content as "post-commercial," which includes office papers and printer scraps.

A glossary of recycled terminology

To those who are unfamiliar with recycled publication grades, it may come as a surprise to learn that almost none contain 100 percent recycled fibers. Instead, most contain up to 50 percent virgin pulp (to lend strength and performance properties) and a minimum of 50 percent "wastepaper" content, as defined in guidelines for recycled papers issued by the Environmental Protection Agency (EPA) in 1988.

Because "wastepaper" as defined by the EPA can come from any of several sources, a host of terms are commonly used to describe recycled content. This has led to considerable confusion for buyers—not only because the terms are often used inconsistently, but also because they're used to describe categories that aren't always mutually exclusive. "Deinked" content, for example, may or may not be of "post-consumer" origin. Following is a list of definitions of some of the most commonly used terms.

Ash: Non-fiber material—the clay and filler—left when the paper is burned off at 900 degrees C.

Calcium carbonate: A white pigment commonly used as a paper coating material and filler.

Contaminants: Non-wood fiber materials—additives, chemicals and other materials—which are placed in or on the paper to enhance specific user purposes. Adhesives and other non-water-soluble materials present particular problems in recycling.

Deinking grades: Recycled content that required deinking, including printed wastepaper recovered from printing plants, offices or homes.

Fines: Short and/or broken fibers that add smoothness in fine papers.

Flotation deinking: Systems based upon a chemical process that separates the ink from the fiber and that influences the receptivity to water of the particles to be separated. The particles to be removed are made water-repellant (hydro-phobic); the fiber, water receptive (hydrophillic).

Fractionation: A process used to separate the long fibers and the short fibers into different secondary fiber components for use in different end products.

Manufacturing markets: The users of wastepaper once it has been cleaned up and processed into a form that a manufacturer can substitute for a virgin raw material.

Mill broke: Paper waste generated by the mill up until the time a reel of paper from the paper machine is trimmed into smaller rolls. This waste is *not* included in the EPA's definition of "wastepaper."

Mill-generated wastepaper: Wastepaper generated at the mill after it comes off the paper machine, including paper trimmings, rejected stock and obsolete inventories. This waste is included in the EPA's definition of wastepaper (as are all wastes described here).

Mixed wastepaper: The lowest grade of wastepaper. Any and all of the 14 major contaminant constituents may be present, and, depending on the current economics of the fiber supply, mixed wastepaper has been just as likely to go to the landfill as to the paper mill or recycler.

Pre-consumer: Recycled content from wastepaper generated by mills, converters or printing plants. It may or may not be deinked.

Post-consumer: Recycled content from wastepaper generated by offices and homes, including recycled office papers and newspapers, all of which must be deinked.

Recovery rate: Defined by the American Paper Institute (API) as the ratio of recyclable paper collected to the new supply of paper and paperboard. Exports are deducted from the amount produced to obtain the measure of new supply.

Secondary post-mill grades: Paper waste generated by converters (i.e., envelope or stationery manufacturers) or printing plants.

Sludge: A byproduct of recycled paper composed of ash, fines, ink residues and chemicals that are not reused. The amount of sludge is a function of the type of wastepaper and the yield of the recyling process.

Source: "The Magazine Wastepaper Stream: Addressing the Challenge, a report prepared by Risser and Associates for Magazine Publishers of America, and Catalog Age.

How to leverage your magazine's franchise

Can you afford *not* to develop ancillary activities to derive revenue?

By Barbara Love and
Arthur Rosenfield

Are you in the business of publishing magazines, or are you in the business of providing information? Savvy magazine people will say the latter. But if you can count on one hand the number of non-magazine ventures that generate revenue, you may be missing opportunities. Because of greatly reduced ad dollars at many publishing companies, executives are turning their attention to other products and services that generate revenues.

According to 167 executives responding to a survey on ancillary ventures, which was conducted by FOLIO: and Business Development Group with the assistance of Raskin Research Associates, business magazine publishing companies currently derive 15.1 percent of their revenue from non-magazine products. They expect to derive 17.6 percent from such activities in 1991, and 23 percent five years from now. Small publishers expect these activities to contribute an even greater share of revenue than do their larger counterparts.

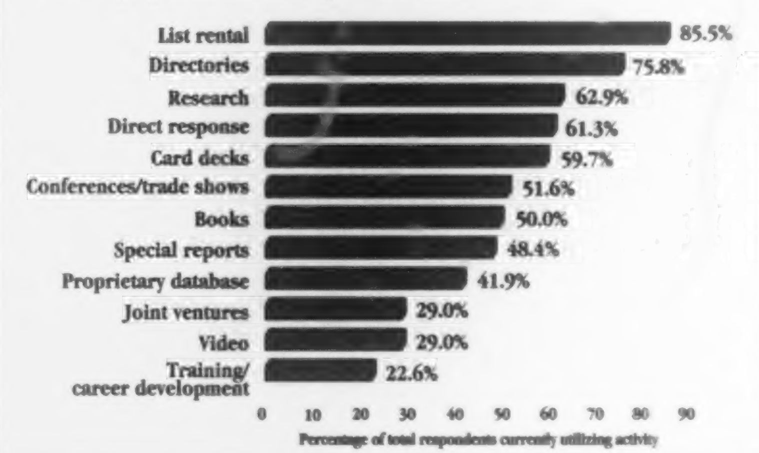
From defensive to offensive

Right now, seven out of 10 business magazine publishers are developing their magazines' inherent potential to derive revenue from ancillary activities. What's new is the growing understanding that such products can't be treated as stepchildren or afterthoughts. This attitude is understood now to be an inhibitor to becoming all one can be in specialized business communications. Building on the loyal readership of your magazine to create new revenue and profit centers is getting more top management attention.

Almost everyone who's gotten into other businesses initially views them as "ancillary." Publishers have traditionally looked at ancillary activities from a defensive posture. They have developed them because pages are down or they feared other magazines or outside companies would get into these businesses. The ancillary products or services were not part of strategic planning.

Since these ventures were viewed as "add on" activities, publishers used the existing circulation and sales departments to staff them, wanting to avoid devoting resources to them.

Most popular ancillary activities

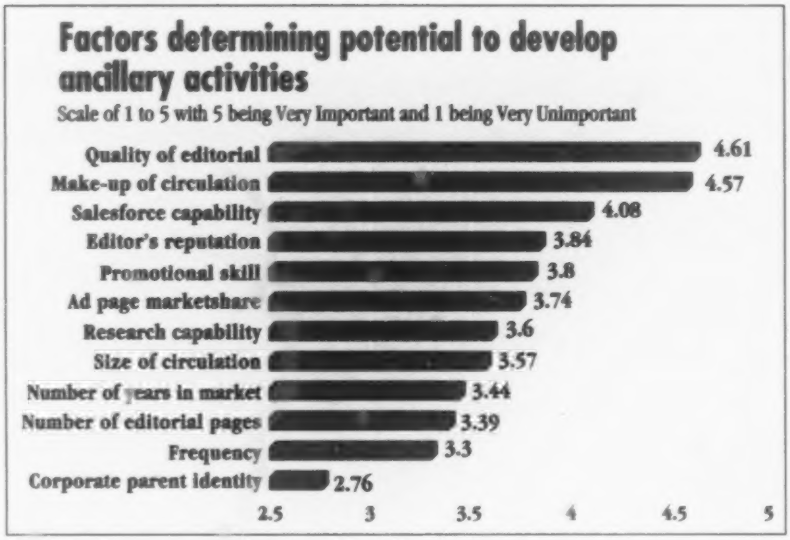


But the companies that have been most successful at developing revenue from a variety of products see them as an integral part of their business. They evaluate these parts of their business as stand-alones.

As Tom Thompson, senior vice president of Phillips Publishing, says,"It's hard to tell what is ancillary and what isn't." He publishes 56 newsletters, eight directories and five magazines. "The newsletters are not more or less important than the magazines. We are a provider of services."

Another mindset

Publishers who have been successful launching products and services other than magazines talk another language. They do not think of themselves exclusively as magazine publishers, but as "information providers," "multimedia companies"



Factors determining potential to develop ancillary activities

Scale of 1 to 5 with 5 being Very Important and 1 being Very Unimportant

or "full-service information firms." Extending franchises is very much a part of the corporate strategy, says John Babcock Jr., president of the BPI Publishing Group, which produces 60 products, including magazines, books, book clubs, directories—even posters and an entertainment news wire. "We make every effort to think of ourselves as information providers and communicators. It may have been that a magazine created the franchise, but given the rapid pace of technology, there are many different ways we are going to have to provide information in the future. If you think about your business this way, as we do—and it's not easy—extending your product line is a core strategy."

Phillips Publishing simply does not understand the term "ancillary" in regard to its many ventures. "We consider ourselves an information service company that surrounds the marketplace. When you start thinking of yourself this way, instead of as a magazine publisher, you see that nothing is ancillary. This strategy has been successful for us; the company as a whole now generates $60 million in revenue."

Publishers realize there are many ways other than ink on paper to deliver information, to add value to it, to educate, to bring buyers and sellers together, and it takes a broader definition of our business than "magazine publishing" to recognize them.

Changing culture and structure

The ability to develop new products and services around your magazine depends largely on how individuals perceive their jobs, the study shows. More and more, publishers are in charge of not just magazines, but profit centers. Existing employees are learning to see their jobs in broader terms than only magazine publishing. They are thinking in terms of customer needs.

Many magazine publishing companies have seen the wisdom of "clustering" to take advantage of ad sales networks, according to the survey. But clusters built around markets rather than products and services are also helping to foster new activities. For example, instead of having a magazine division, a book division and a seminar division, a publisher might have a metals division, an electronics division, or a restaurant division, with each division having its own magazines, books and seminars.

Financial thinking and criteria, and marketing strategies for success, are very different, too, as Thompson explains. "A newsletter can be very successful with $200,000 in revenue, but we have yet to find a way to have a successful magazine with only $200,000 in revenue," he points out. "Also, newsletters require entirely different forms of promotion, get different response, and involve different pricing."

Importance of editorial

The key element for leveraging is the editorial product. The survey research revealed that quality of editorial is considered the most important factor in determining a specific magazine's ability to develop ancillary ventures. The foundation for successful development is the loyalty of readers to the publication.

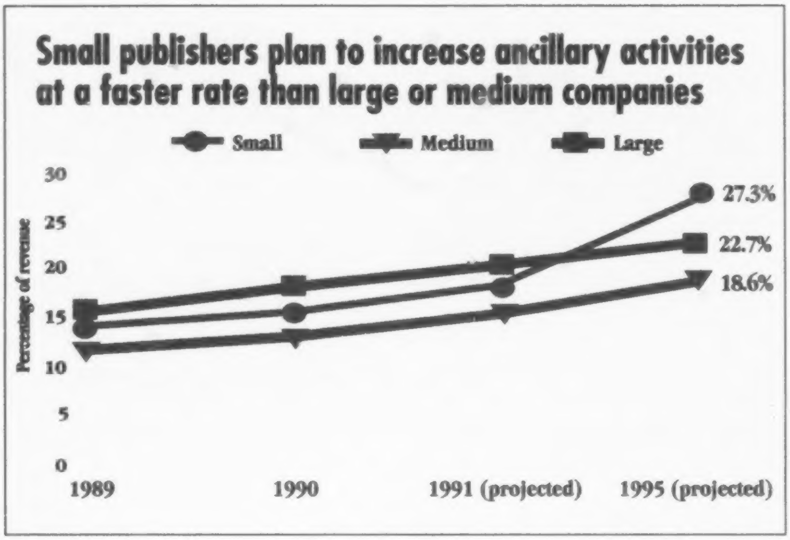
"You really need to develop an editorial franchise for the magazine that covers all the aspects of the market," says Marshall Freeman, president of Miller Freeman, which derives half its revenue from non-magazine products ranging from newsletters to seminars. "This provides you with an editorial expertise in all corners of the market, and authority in each corner of the market."

Thompson agrees. "Editorial strength and recognition is probably the number one attribute that contributes to our franchise in a given market," he says.

Some have fallen into the trap of believing that some other element is creating legitimacy. McGraw-Hill may be in that category. One of the perceived weaknesses of the McGraw-Hill operation in recent years is that the business magazines that were at the heart of the company have been folded or sold off. One can't add on arms, legs, hands and so on to a healthy business and then take away the heart.

Generating ideas

Where are the ideas for ancillary products coming from—the inside or the outside? According to our survey, by far the largest number of ideas—80 percent—come from the advertising sales department, which is tuned in to



Small publishers plan to increase ancillary activities at a faster rate than large or medium companies

the needs of the advertiser. Administration is second.

While editorial ranks third as a source of ideas, it is the most important source for the golf and tennis magazines published by Times Mirror, according to Robert Carney. "The idea of golf schools and videos came from readers and editors."

The idea of compensating employees for their ideas is not a universally popular one. At a recent American Business Press conference, none of the approximately 80 publishers and editors in the audience offered compensation for ideas. One executive quipped, "It's part of their job."

But at Phillips Publishing, there is a formal reward system for new product development. It pays $2,000 to employees who come up with new product ideas, with another incentive when that business plan is implemented. The company continues to reward that employee on the basis of growth over the next three years.

At Phillips, generating new ideas is more than an opportunity for employees to make a few extra dollars. "The best way to grow your career here is to come up with new ideas. We have several group publishers who have been promoted as a result of developing new products," Thompson says.

Popularity vs. effectiveness

List rental is the most common ancillary activity among publishers surveyed, followed by directories, research, direct response, card decks and trade shows.

Interestingly, trade shows and conferences, which ranked fifth in terms of activities planned, is considered "the most effective" ancillary activity—i.e., the one that generates the most profit or best accomplishs goals or objectives. The ninth-ranked activity, proprietary databases, is the second most effective activity. The first-ranked activity, list rentals, is considered the third most effective activity.

> **The companies that have been most successful at developing revenue from a variety of products see them as integral parts of their businesses.**

Dangers of distraction

Entering new businesses is risky. For one thing, additional products and services can endanger the core business. Management that sees a company solely as a magazine publishing company, and not as an information provider, is reluctant to add personnel to handle ancillary activities. The perception is that they drain time and energy from magazine employees. Finding the time and energy to pursue new activities were the two chief problems mentioned by respondents.

Furthermore, many of the people who are asked to do the extra work on additional products tend not to be knowledgeable about developing those products. Starting a directory, a video or a trade show is a lot different from running a magazine. Magazine executives tend to be good at hiring editors, sales executives and circulators, but they don't always understand personnel needs for video, for example.

While it may be true that current staff is not appropriate for the new ventures, that's not a reason to abandon the ideas, according to Eliot Minsker, the chairman and CEO, Knowledge Industry Publications. "If there's a market there, you know we'll develop the expertise, hire it or go to outside suppliers," he says.

Minsker started with a show, Video Expo, then went to magazines and hired magazine people.

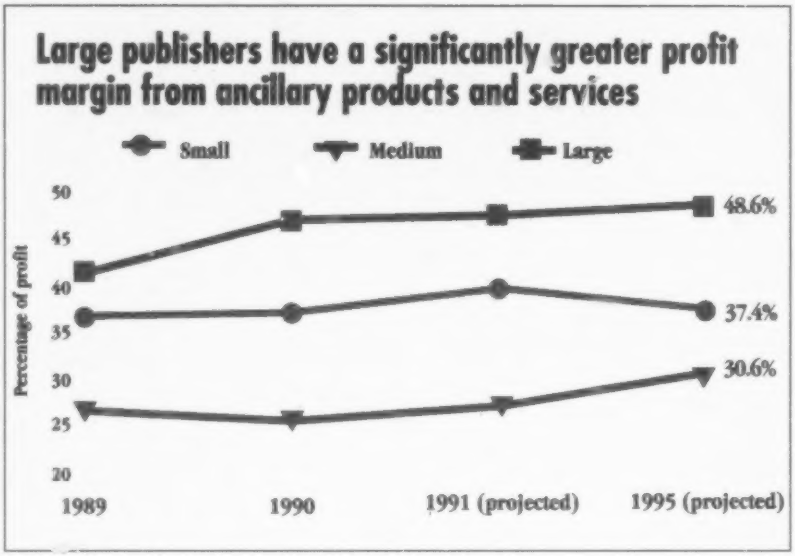
On the management side, there is a danger that the ancillary project that is relatively small, and with relatively small potential, can take on a life greater than it should. The return on investment has to be looked at realistically, rather than emotionally.

Cannibalizing the core product

Thompson found out the hard way that you have to be careful not to develop products that compete directly with your core product. He had a magazine in a market and introduced a newsletter in the same market. When the newsletter began to take advertising, there was trouble.

Publishers interviewed by FOLIO: stress that you have to identify what your strategic position is in a market. If you are selling a monthly magazine and telling people a monthly is the right way to reach customers and then you come along with a newsletter and say, this is a better way to reach people, you're selling off your own strategic position.

In addition, managers must remember that the number of ad dollars in a market is finite. Just eating into your own position doesn't make any sense.


Large publishers have a significantly greater profit margin from ancillary products and services

Profits are great

While profits are not the only reason magazine publishers enter into non-magazine product development, they are perhaps the most important one. The average profit margin for these ventures is expected to grow dramatically to 36.6 percent by 1995, according to respondents.

Such a high profit margin is in sharp contrast to business magazines. According to the American Business Press, the average profit margin for business publications ranged from 14 percent to 17 percent in the last five years.

The ability to develop new products and services around your magazine depends largely on how individuals perceive their jobs.

Thompson expects a great deal from the investment in new products at Phillips. "We have any number of financial criteria, depending on the risk-reward of the activity," he says. "But our basic guideline is, if we invest one dollar, we would like to see a two dollar return within 12 months. And we look for return on sales of at least 30 percent, also in 12 months."

These figures may seem too demanding, but Phillips is counting only out-of-pocket costs. It does not count overhead. "The financial and control aspects are skewed toward encouraging the launch of new products," he says.

Motives differ

Publishers are sometimes willing to operate these activities at a loss because they help the advertising/sales effort and/or improve the image of the magazine as the authority in the field.

"There are two possible motives for developing one of our services," explains Robert Carney, formerly director of golf/tennis trade publications for Times Mirror. "One is for profit. The other is to increase share of market and protect the rate. It may mean we can do something extra for the advertiser without getting into a very heavy rate-cutting session."

Golf Shop Operations started as a promotional vehicle for advertisers who wanted to reach retailers. It has since developed into a profit center.

Publishers' unique advantage

Should you expand your franchise to include non-magazine ventures? The study points to a resounding "yes." Business magazine publishers, because of their unique position with their advertisers, are ideally situated to take advantage of the many new opportunities to develop ancillary activities. The criterion, however, is having a solid editorial product that does more than report on the industry it covers; it must lead the industry with substantive information and astute analysis. With that condition met, the talent and resources can always be found that, with proper management, can create ventures that will generate revenues adding upwards of 20 percent over the next few years.

The remaining question, "But in this market, can I afford to develop ancillary activities?" is answered with, "Can you afford not to?"

Barbara Love is general editor, training and educational products, FOLIO:, *and* Publishing News. *Arthur Rosenfield is president of Business Development Group.*

Magazine title	Company name City/state	Magazine category	Start-up month
Win Magazine	Gambling Times Inc. Van Nuys, CA	Lifestyle/service	Feb
Wisconsin Greyhound Racing	Greyhound Publishing Inc. Lake Geneva, WI	Sports	N/A
Woods n' Water Outdoor Strategies	Out-Of-Door Publications Inc. Lakewood, NJ	Sports	Dec
Workstation News	DataBase Publications Austin, TX	Automatic data systems	Apr
World Class Entertainment	Duncan Publications Staunton, IL	Women's	Apr
Wrestling Arena	Dojo Incorporated New York, NY	Sports	Dec
Your Family	Family Media Inc. New York, NY	Lifestyle/service	Jan/Feb
Zillions	Consumers Union of United States Inc. Mount Vernon, NY	Children's	Aug/Sep
Zoo Life	The Ingle Publishing Co. Los Angeles, CA	Lifestyle/service	N/A

Source: Samir Husni's Guide to New Magazines 1991 and FOLIO: magazine

New magazine prices

Average cover price

1985	1986	1987	1988	1989	1990
2.60	3.11	3.23	3.47	3.51	3.61

Average subscription price

1985	1986	1987	1988	1989	1990
15.71	19.47	19.77	23.00	18.62	18.50

Average discounted subscription

1985	1986	1987	1988	1989	1990
13.48	17.16	15.43	15.25	15.35	13.10

Statistics on pricing for new magazines show that cover prices continue to increase steadily since 1985, while subscription prices fall off from the previous year's averages, particularly discounted subscriptions, which drop from $15.35 in 1989 to $13.10 in 1990.

Source: Samir Husni's Guide to New Magazines 1991

Ad sales compensation survey

Ad pages may be down or flat, but you couldn't prove it based on the money earned by ad sales professionals

By Robert M. Steed

Although ad pages have been flat in many key categories, for all advertising sales professionals except ad sales director, salary and salary plus bonus are substantially higher than the comparable numbers in last year's survey. Moreover, the respondents to this survey averaged double-digit increases in virtually every category.

For obvious reasons, then, these respondents seem to like their jobs. they revel in the freedom, the competition, the challenge and excitement—and the fact that they are rewarded in direct proportion to their contribution.

This survey indicates that those rewards can be very substantial for those whose contributions are significant. For instance, the average total compensation for the top one-third of ad sales directors is almost $150,000; for the top one-third of salespeople, it is almost $100,000.

However, the survey also reveals large variations in pay. The lowest paid one-third of directors and salespeople average total compensation of only about $50,000 and $33,000, respectively.

Among the other general conclusions reached from this survey, which gives the complete rundown on salaries and total compensation for ad sales directors, managers and salespeople, are the following:

- The correlations between pay and various demographic and size criteria are very similar throughout all job categories, except for branch/regional/category managers. Magazine size is an especially strong indicator of pay, with those on the largest magazines frequently earning two to three times the pay of those on the smallest.

IN SUMMARY

- **Ad sales professionals indicate substantial increases in their earnings, despite the hard times in the industry.**
- **Pay levels among the highest paid one-third of ad sales professionals average well over $100,000 in all categories—except the lowest one, ad sales person. And even there the average is almost $98,000.**
- **Bonuses and commissions are a vital ingredient in the pay package of ad sales professionals, representing an average of 30 to 40 percent of total compensation, depending on job category.**
- **Magazine size, measured in a variety of ways, correlates directly with pay. In many cases, people on the largest magazines earn two to three times as much, in salary and total compensation, as their counterparts in the same category on the smallest magazines.**

- Bonuses/commissions are a significant element in the pay of ad sales professionals, with total compensation averaging between 56 and 62 percent higher than salary alone throughout all four job categories.
- The pay gap between men and women appears to continue to be narrowing (albeit slightly). This is especially true at consumer magazines where, in many instances, women earn over 90 percent of what men earn. By contrast, among business magazines the differential is often closer to 70 to 75 percent.
- Ad sales professionals in the Northeast and West generally outstrip their counterparts in the rest of the country. And those in the South usually lag badly.

Ad sales directors

Those ad sales directors who indicated they receive both salary and bonus (81 percent of the sample) earn $60,080 in salary and $93,621 in total compensation.

Thus, bonuses and commissions lifted the average salary by about 56 percent. There are large differences in the pay levels of directors, with those in the top one-third averaging almost $150,000 in total compensation—three times what those in the bottom one-third earn.

Ad sales directors working on business magazines outpace their consumer counterparts by about $7,000 in salary and $13,500 in total compensation. Those in the Northeast lead directors in other regions by substantial amounts in salary. But very sizable bonuses in the West bring total compensation for directors there within $6,000 of those in the Northeast.

Using the numbers

It is important to use the salary information in this survey cautiously. In many instances, there were not enough respondents in certain subcategories to allow valid conclusions to be reached, since even one exceptionally high or low salary could affect the average dramatically. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses). In addition, not all respondents answered all questions. Therefore, the total number of respondents in the "average" column of a chart is not necessarily the sum of the subcateogories.

The survey also examines only one variable at a time. For example, ad sales directors in the Northeast earn higher salaries than their peers in other regions. But are those in the Northeast who participated in the survey working on larger magazines? Are they the ones with the most experience? The survey methodology does not enable these multiple variables to be analyzed.

One should also be cautious about comparing the data in this survey with data from prior years. Because the sample is drawn randomly from mastheads each year, those who responded to this survey may well come from a different mix of magazines or demographics than respondents to prior surveys. Comparisons are thus best made not on the broad averages, but on the more detailed breakdowns by magazine size, respondents' experience and the like.

Women earn almost $12,000 less than men in salary, or 81.5 percent as much. However, on consumer magazines, the difference is only $3,500 (94 percent), while on business magazines it is $18,000 (73.3 percent). The total compensation of women directors is 75 percent of men's.

Experience has a direct and significant impact on pay. Salary and total compensation rise steadily from $37,154 and $47,700, respectively, for those with three years or less in ad sales to $83,200 and $153,000 for those with 20 or more.

This survey measures the size of magazines in many ways. But in almost every case, pay correlates directly with size. For example:

- Salary rises steadily from $37,578 for directors with the smallest departments to over twice as much ($82,229) for those who supervise more than 10. Total compensation follows the same pattern.
- Total compensation of ad sales directors of magazines with $20 million plus in ad revenue is $153,500—three times as much as those with less than $1 million in ad revenue. Salary, too, shows the same direct correlation with ad revenue.
- The pay difference between directors on the smallest and largest magazines measured by ad pages is not as large. It moves from $37,346 in salary and $55,333 in total compensation for those at magazines with under 200 ad pages to $73,734 and $112,183, respectively, for those directors at magazines with over 1,000 advertising pages.
- Only in circulation does the correlation fail, with directors on magazines with circulations under 50,000 earning slightly more than those on magazines with circulations between 50,000 and 100,000.

Directors on weeklies and biweeklies earn almost exactly the same salary and total compensation as their counterparts on monthlies. Both outpace directors on magazines with other periodicities.

Ad sales managers

Compensation of ad sales managers trails that of directors by $11,982 in salary and $18,659 in total compensation. In each case, that is a 25 percent differential. And, as with directors, there is a significant difference between the top and the bottom, with the highest paid one-third of managers earning roughly three times the salary and total compensation of the lowest paid one-third.

Unlike the directors in this survey, managers on consumer magazines receive higher salaries ($51,306 to $45,178) and total compensation ($78,286 to $71,709) than their counterparts on business publications. Pay in the South is sharply lower than elsewhere, trailing the Northeast and the West by over 40 percent.

Half the managers in this survey are female, and their salary is 77.3 percent that of male managers. That ratio moves up to almost 83 percent on a total compensation basis.

The relationship of pay to age is unusual. Those under 30 earn the least, as would be expected. But the differences in pay among managers in their thirties and forties and those over 50 are virtually meaningless. And, indeed, those over 50 earn slightly *less* than those in the two younger cohorts.

Experience is a somewhat better indicator, with salary plus bonus moving steadily up from about $51,500 for those with less than three years in the business to $92,800 for those with over 20 years.

As was the case among directors, the size of the magazine, however measured, bears a strong correlation with pay. However, the impact of size on pay is not as strong. For directors, pay on the largest magazines was typically more than twice as much as pay for directors on the smallest; for managers that differential was usually much less than double.

From the standpoint of supervising other people, "manager" may be a misnomer for many in this category. Over 40 percent of the respondents said they supervised one person or none. Not surprisingly, their pay is quite a bit less than that of managers who supervise two or more people.

Managers on magazines with up to $1 million and $1 million to $3 mil-

Methodology

Four hundred seventy-two of the 1,392 advertising sales professionals who received questionnaires responded to FOLIO:'s annual ad sales compensation survey, resulting in an overall response rate of 33.9 percent. Of the total responses, 453 (32.5 percent) contained sufficient information to be used for tabulation. The response rate for branch managers was the lowest, at 28 percent; response rates for the other categories were all about the same. The survey was conducted through two mailing efforts. Participants were asked to supply data reflecting annual earnings; if exact figures were not available, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if an ad sales director indicated that his or her annual bonus would be between $20,000 and $22,000, the arithmetic mean of $21,000 was used as that respondent's expected bonus for the year.

About 25 percent of the mailing was sent to each of the four job categories covered in the survey. Within those categories, the mailing was evenly divided between business publications and consumer publications. Finally, about two-thirds of the sample in each category (except branch managers) was drawn from magazines with circulations under 100,000, while one-third came from magazines with circulations over 100,000.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

lion in ad revenue earn a salary of about $37,500. Those on the smallest magazines (by ad revenue) actually earn over $9,000 *more* in salary plus bonus than those at magazines in the $1 million to $3 million ad revenue range. But then salary and total compensation march steadily upward to $62,400 and $112,100, respectively, on publications with over $20 million in ad revenue.

In this survey, ad pages and circulation bear the most direct, consistent correlation to pay for managers. Both salary and total compensation increase steadily from the smallest magazines to the largest. And managers on weeklies and biweeklies outpace their counterparts on monthlies by 8 percent in salary and 17 percent in total compensation.

Branch/regional/category manager

The pay of branch/regional/category managers does not follow the same pattern seen for ad sales directors and managers. Most significantly, the size of the magazine does not appear to have as strong an impact on pay in this category, indicating that branch/regional/category managers are paid more on the basis of their individual contributions.

Branch/regional/category managers average $51,418 in salary, which leaps by 60 percent to $82,695 when bonuses are factored in. Salaries on consumer magazines are $9,000 (19 percent) higher. However, larger bonuses on business publications pull their lead down to 1.6 percent on a total compensation basis.

Regional differences are much less significant for this group, with the gap between the highest paid and the lowest being only 13.5 percent, instead of the 40 percent or more seen earlier. And, for a change, the South is not the lowest paid region—the North Central is.

Although two-thirds of this category are men, women come closest to pay parity here. Their salary is 86.5 percent of men's, and more sizable bonuses bring their total compensation to 96.2 percent of men's. Most of the pay gap is accounted for by business magazines. On consumer publications, total compensation is virtually equal and the average salary of women trails that of men by only $3,400.

There is a clear, steady relationship between pay and both age and experience for these managers. For instance, salary rises gradually from $41,300 for those under 30 to $63,444 for those over 50, an increase of over 50 percent. Similarly, the total compensation of branch/regional/category managers with less than four years' experience is about $59,900, rising steadily to over twice that amount ($129,550) for those with 20 years or more in the business.

On the other hand, when pay is related to various measures of magazine size, the correlations are much less significant. For instance:

- There is only a 19 percent difference in salary and a 9.5 percent difference in total compensation between those who supervise no one and those with a staff of two or more.
- Whether the magazine has ad revenue of under $1 million or $1 million to $3 million or $3 million to $8 million, average salary is only about $2,500 apart and average salary plus bonus only $3,000 apart.
- When analyzed by ad pages, the same relatively small increase is apparent. The $56,743 salary of branch/regional/category managers on magazines with more than 1,000 pages is only about $10,000 (21.7 percent) more than the salary for those on magazines with under 500 pages; and total compensation is only 29 percent higher.
- In this sample, those working on magazines with circulation between 50,000 to 100,000 have the highest total compensation of any of these managers.

Even frequency doesn't give much of a clue to pay. The average salary of branch/regional/category managers is virtually the same no matter what the frequency. However, when bonuses are factored in, those on weeklies and biweeklies come out well ahead, with total compensation of $104,167 being almost double their average salary.

Ad sales person

Pay relationships among ad sales persons return to the patterns evident among their directors and managers. Ad sales persons average almost $38,000 in salary, and this jumps by over 60 percent to $61,600 on a total compensation basis.

Further, there are substantial differences between the highest earners and the lowest. Thus, the top one-third ad sales persons average $57,224 in salary and $97,764 in total compensation, almost three times the average for the lowest paid one-third of ad sales persons.

Ad sales persons on business magazines earn slightly higher salaries than those on consumer publications, but their total compensation is virtually identical. And, as with directors and managers, those in the Northeast and the West earn substantially more than ad sales persons in other parts of the country—especially in the South.

Surprisingly, the pay gap for women is larger in this category than for their more senior colleagues. The salary of women is 75 percent that of men; their total compensation is 73 percent of men's.

The relationship of pay to age and experience takes abnormal twists in this particular category because of unusually high and low salaries and bonuses among the relatively small group of ad sales people over 40 and those who have more than 10 years' experience.

Size of the magazine proves a more reliable indicator of compensation levels. Ad sales people on magazines with under $1 million in ad revenue earn $23,738 in salary and $44,097 in total compensation. This rises steadily, by much more than double, to $61,375 and $103,188, respectively, where ad revenues are $20 million or more.

Ad pages and circulation both have the same relationship between size

Ad sales director: salary

	Average		Average business		Average consumer	
By region:						
Northeast	$69,723	(40)	$68,375	(20)	$71,070	(20)
South	49,229	(24)	53,571	(14)	41,833	(9)
North central	57,684	(19)	57,667	(12)	50,667	(6)
Western	53,134	(28)	62,667	(12)	45,984	(16)
By sex:						
Male	$63,750	(79)	$68,256	(43)	$57,243	(34)
Female	51,940	(35)	50,088	(17)	53,689	(18)
By age:						
29 or less	$38,864	(11)	$46,500	(7)	$25,500	(4)
30-39	59,794	(60)	61,100	(30)	58,609	(29)
40-49	60,522	(23)	68,667	(9)	55,286	(14)
50 or more	72,350	(20)	72,143	(14)	67,400	(5)
By years in ad sales:						
Up to 3	$37,154	(13)	$51,750	(4)	$30,667	(9)
4-10	52,018	(51)	55,767	(30)	46,245	(20)
11-20	70,579	(35)	73,219	(16)	68,355	(19)
More than 20	83,200	(15)	73,500	(10)	103,250	(4)
Employees supervised:						
None/one	$37,578	(18)	$48,222	(9)	$26,933	(9)
2-5	52,899	(42)	58,870	(23)	45,671	(19)
6-10	62,917	(30)	64,882	(17)	57,227	(11)
More than 10	82,229	(24)	72,773	(11)	90,231	(13)
By ad revenue:†						
Up to $999,999	$37,257	(34)	$44,808	(13)	$32,583	(21)
$1 million-$2,999,999	59,617	(30)	60,975	(20)	52,111	(9)
$3 million-$7,999,999	72,539	(23)	76,692	(13)	67,140	(10)
$8 million-$19,999,999	79,423	(13)	76,750	(10)	165,000	(2)
$20 million or more	89,091	(11)	65,000	(2)	94,444	(9)
By ad pages:†						
Up to 200	$37,346	(13)	$48,625	(4)	$32,333	(9)
201-499	51,028	(27)	52,933	(15)	48,646	(12)
500-999	65,531	(32)	65,119	(21)	66,318	(11)
1,000 or more	73,734	(32)	72,658	(19)	77,000	(12)
By frequency:†						
Weekly/biweekly	$65,050	(20)	$67,667	(12)	$61,125	(8)
Monthly	65,034	(70)	63,500	(41)	66,032	(28)
Other	42,163	(23)	52,857	(7)	36,317	(15)
By circulation:†						
Up to 49,999	$53,177	(48)	$57,986	(35)	$40,231	(13)
50,000-99,999	48,681	(18)	56,714	(7)	43,568	(11)
100,000-499,999	63,742	(31)	75,278	(18)	47,769	(13)
500,000 or more	90,457	(14)	60,000	(1)	92,200	(12)

† Refers to the largest revenue producing magazine on which respondent works.

Ad sales director: total compensation

	Average	Average business	Average consumer
By region:			
Northeast	$101,808 (37)	$94,237 (19)	$109,800 (18)
South	71,980 (17)	77,516 (10)	63,583 (6)
North central	75,833 (15)	73,833 (9)	64,600 (5)
Western	95,935 (20)	126,000 (11)	59,189 (9)
By sex:			
Male	$101,344 (63)	$106,838 (37)	$92,279 (24)
Female	75,933 (29)	77,012 (14)	74,927 (15)
By age:			
29 or less	$59,556 (9)	$75,900 (5)	$39,125 (4)
30-39	93,039 (49)	92,804 (28)	94,670 (20)
40-49	84,704 (19)	92,208 (8)	79,246 (11)
50 or more	125,500 (15)	131,550 (10)	104,250 (4)
By years in ad sales:			
Up to 3	$47,700 (10)	$61,750 (4)	$38,333 (6)
4-10	79,990 (39)	82,923 (26)	74,717 (12)
11-20	103,853 (33)	109,211 (15)	99,389 (18)
More than 20	153,000 (11)	158,571 (7)	141,000 (3)
Employees supervised:			
None/one	$60,740 (10)	$76,417 (6)	$37,225 (4)
2-5	78,682 (33)	90,974 (19)	62,000 (14)
6-10	94,882 (28)	98,235 (17)	85,523 (9)
More than 10	120,055 (21)	107,685 (9)	129,333 (12)
By ad revenue:†			
Up to $999,999	$51,476 (21)	$62,000 (9)	$43,583 (12)
$1 million-$2,999,999	78,148 (25)	82,250 (16)	60,963 (8)
$3 million-$7,999,999	109,344 (22)	112,897 (13)	104,211 (9)
$8 million-$19,999,999	116,269 (13)	114,450 (10)	150,000 (2)
$20 million or more	153,500 (10)	222,500 (2)	136,250 (8)
By ad pages:†			
Up to 200	$55,333 (6)	$68,750 (2)	$48,625 (4)
201-499	75,033 (21)	82,708 (12)	64,800 (9)
500-999	98,024 (28)	89,759 (18)	112,900 (10)
1,000 or more	112,183 (30)	123,361 (18)	98,000 (11)
By frequency:†			
Weekly/biweekly	$[illegible]482 (19)	$118,788 (11)	$82,438 (8)
Monthly	10[illegible]27 (56)	96,765 (34)	105,329 (21)
Other	61,856 (16)	82,250 (6)	47,689 (9)
By circulation:†			
Up to 49,999	$77,296 (36)	$82,043 (27)	$63,056 (9)
50,000-99,999	73,214 (14)	95,167 (6)	56,750 (8)
100,000-499,999	107,841 (27)	127,889 (18)	67,745 (9)
500,000 or more	134,569 (13)	63,000 (1)	139,673 (11)

and pay levels, though the differences are not as great between the largest and the smallest magazines.

Finally, ad sales people on monthlies are paid about 10 percent more in salary than those on weeklies and biweeklies, but those positions are reversed—again by 10 percent—on a total comp basis because of smaller bonuses on monthlies.

Bonuses/commissions

Bonuses and commissions are a vital part of the pay structure of ad sales persons at all levels. The average bonus represents 31.8 percent of the total compensation of ad sales directors; 35.9 percent for ad sales managers; 38.1 percent for branch/regional/category managers; and 41.6 percent for ad sales persons. In each case, that is a substantial amount of overall pay to have fluctuate depending on the individual's performance.

It is also interesting that the average bonus/commission of branch/regional/category managers is actually higher than that of advertising sales directors, and that advertising sales managers and ad sales persons have virtually identical average bonus/commissions. This is another indication of the powerful effect bonuses can have on the overall pay of ad sales professionals in lower level categories.

The lower "leverage" for ad sales directors reflects the fact that they have a wide range of managerial and other duties, in addition to a sales function. At the other end of the spectrum, ad sales persons are primarily individual contributors and are paid on the basis of what they produce.

What is demonstrated throughout this survey, however, is that ad sales professionals who can produce substantial advertising revenue can make substantial amounts of money—no matter what their titles. And that, after all, is the bottom line for both the ad sales professional and the publisher.

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm.

"The autonomous working environment is appealing. I'm free to create and produce results."

—Ad sales director in the West, earning approximately $120,000 in salary and bonus/commission.

Ad sales manager: salary

	Average	Average business	Average consumer
By region:			
Northeast	$51,976 (48)	$48,590 (28)	$56,718 (20)
South	36,489 (18)	34,117 (6)	39,410 (10)
North central	42,982 (19)	36,763 (12)	53,643 (7)
Western	51,830 (33)	54,175 (8)	51,080 (25)
By sex:			
Male	$54,307 (59)	$52,550 (28)	$55,894 (31)
Female	41,994 (60)	37,532 (27)	46,718 (31)
By age:			
29 or less	$39,615 (33)	$42,200 (16)	$37,182 (17)
30-39	51,928 (54)	48,449 (22)	56,008 (30)
40-49	50,633 (21)	43,189 (9)	56,217 (12)
50 or more	49,909 (11)	44,375 (8)	64,667 (3)
By years in ad sales:			
Up to 3	$34,435 (23)	$38,840 (10)	$31,550 (12)
4-10	47,976 (67)	43,929 (33)	52,477 (33)
11-20	60,879 (19)	53,814 (7)	65,000 (12)
More than 20	56,060 (10)	54,000 (5)	58,120 (5)
Employees supervised:			
None	$36,523 (28)	$34,261 (14)	$38,785 (14)
One	40,215 (21)	36,502 (12)	45,167 (9)
2-5	55,145 (49)	55,104 (23)	56,068 (25)
More than 5	54,974 (21)	49,950 (6)	59,268 (14)
By ad revenue:†			
Up to $999,999	$37,551 (22)	$36,252 (12)	$39,110 (10)
$1 million-$2,999,999	37,428 (39)	40,635 (20)	34,647 (17)
$3 million-$7,999,999	49,375 (16)	55,722 (9)	41,214 (7)
$8 million-$19,999,999	57,677 (11)	34,567 (3)	66,344 (8)
$20 million or more	62,390 (15)	52,975 (6)	68,667 (9)
By ad pages:†			
Up to 200	$34,045 (11)	$34,900 (5)	$33,333 (6)
201-499	40,640 (18)	33,315 (8)	46,500 (10)
500-999	44,054 (36)	41,800 (14)	47,137 (20)
1,000 or more	59,282 (36)	54,239 (19)	64,918 (17)
By frequency:†			
Weekly/biweekly	$52,973 (20)	$51,835 (13)	$58,767 (6)
Monthly	48,906 (83)	43,701 (37)	53,092 (46)
Other	37,893 (14)	38,800 (5)	38,938 (8)
By circulation:†			
Up to 49,999	$34,297 (29)	$35,159 (22)	$31,586 (7)
50,000-99,999	40,690 (18)	44,584 (11)	36,167 (6)
100,000-499,999	49,625 (43)	55,758 (18)	45,719 (24)
500,000 or more	67,008 (26)	57,067 (3)	68,304 (23)

† Refers to the largest revenue producing magazine on which respondents works.

Ad sales manager: total compensation

	Average	Average business	Average consumer
By region:			
Northeast	$79,464 (43)	$74,973 (25)	$85,702 (18)
South	56,757 (14)	41,875 (4)	64,678 (9)
North central	65,156 (16)	61,600 (10)	71,083 (6)
Western	82,580 (31)	90,900 (8)	79,687 (23)
By sex:			
Male	$81,821 (55)	$82,412 (26)	$81,292 (29)
Female	67,417 (50)	59,060 (22)	75,057 (27)
By age:			
29 or less	$62,979 (29)	$73,043 (14)	$53,586 (15)
30-39	78,673 (46)	73,219 (17)	83,188 (28)
40-49	82,858 (19)	62,967 (9)	100,760 (10)
50 or more	77,398 (11)	76,000 (8)	81,127 (3)
By years in ad sales:			
Up to 3	$51,516 (18)	$62,556 (9)	$40,477 (9)
4-10	75,363 (58)	69,586 (27)	81,575 (30)
11-20	86,563 (19)	73,171 (7)	94,375 (12)
More than 20	92,798 (10)	97,600 (5)	87,996 (5)
Employees supervised:			
None	$66,417 (22)	$58,350 (10)	$73,140 (12)
One	58,266 (20)	48,711 (11)	69,944 (9)
2-5	81,224 (45)	83,881 (21)	80,374 (23)
More than 5	88,303 (18)	93,533 (6)	85,688 (12)
By ad revenue:†			
Up to $999,999	$61,150 (18)	$51,813 (9)	$70,487 (9)
$1 million-$2,999,999	51,941 (34)	52,905 (19)	51,128 (14)
$3 million-$7,999,999	78,967 (15)	99,438 (8)	55,571 (7)
$8 million-$19,999,999	87,686 (11)	63,600 (3)	96,719 (8)
$20 million or more	112,142 (12)	128,925 (4)	103,750 (8)
By ad pages:†			
Up to 200	$43,644 (9)	$41,360 (5)	$46,500 (4)
201-499	60,178 (17)	50,146 (7)	67,200 (10)
500-999	66,742 (32)	58,592 (13)	73,836 (18)
1,000 or more	95,496 (31)	95,594 (16)	95,392 (15)
By frequency:†			
Weekly/biweekly	$88,668 (16)	$96,930 (10)	$80,876 (5)
Monthly	75,684 (75)	67,658 (33)	81,989 (42)
Other	49,577 (13)	48,000 (5)	50,563 (8)
By circulation:†			
Up to 49,999	$47,024 (25)	$49,355 (20)	$37,700 (5)
50,000-99,999	73,719 (17)	81,565 (11)	59,333 (6)
100,000-499,999	77,682 (38)	87,214 (14)	73,301 (23)
500,000 or more	98,813 (23)	125,350 (2)	96,286 (21)

> **"I'm always learning new things and passing that knowledge on and watching the sales staff develop into real pros."**
>
> *—Ad sales director in the West, working on a business weekly, earning salary and bonus/commission of more than $150,000.*

"The elation of the sale and the agony of rejection keep me going."

—Ad sales manager in the West, with 25 years' experience, earning salary and bonus/commission in the mid sixties.

Branch/regional/category manager: salary

	Average	Average business	Average consumer
By region:			
Northeast	$52,483 (41)	$50,765 (20)	$55,075 (20)
South	52,500 (10)	49,250 (4)	54,667 (6)
North central	47,600 (23)	40,036 (14)	59,367 (9)
Western	54,017 (23)	51,340 (10)	56,077 (13)
By sex:			
Male	$53,800 (64)	$50,891 (35)	$57,310 (29)
Female	46,539 (33)	37,857 (14)	53,933 (18)
By age:			
29 or less	$41,300 (27)	$41,175 (16)	$41,482 (11)
30-39	53,115 (47)	48,778 (23)	58,239 (23)
40-49	57,100 (15)	46,917 (6)	63,889 (9)
50 or more	63,444 (9)	62,250 (4)	64,400 (5)
By years in ad sales:			
Up to 3	$38,165 (17)	$37,150 (12)	$40,600 (5)
4-10	50,311 (54)	47,000 (22)	53,155 (31)
11-20	59,525 (16)	53,240 (10)	70,000 (6)
More than 20	65,545 (11)	59,800 (5)	70,333 (6)
Employees supervised:			
None	$48,124 (50)	$45,991 (32)	$52,912 (17)
One	51,806 (18)	51,071 (7)	52,273 (11)
More than one	57,183 (29)	48,889 (9)	60,915 (20)
By ad revenue:†			
Up to $999,999	$44,400 (5)	$33,333 (3)	$61,000 (2)
$1 million-$2,999,999	46,905 (19)	48,477 (13)	43,500 (6)
$3 million-$7,999,999	45,182 (22)	47,464 (14)	41,188 (8)
$8 million-$19,999,999	55,467 (21)	52,813 (8)	58,942 (12)
$20 million or more	65,938 (16)	66,333 (3)	65,846 (13)
By ad pages:†			
Up to 499	$46,607 (14)	$45,000 (6)	$47,813 (8)
500-999	49,027 (30)	44,844 (16)	53,807 (14)
1,000 or more	56,743 (40)	52,142 (19)	62,200 (20)
By frequency:†			
Weekly/biweekly	$52,500 (22)	$46,958 (12)	$61,833 (9)
Monthly	51,079 (66)	46,403 (32)	55,479 (34)
Other	51,280 (10)	52,560 (5)	50,000 (5)
By circulation:†			
Up to 49,999	$40,688 (17)	$41,669 (16)	$25,000 (1)
50,000-99,999	49,587 (23)	52,676 (17)	42,000 (5)
100,000-499,999	47,318 (22)	43,417 (12)	52,000 (10)
500,000 or more	60,161 (36)	57,000 (4)	60,556 (32)

†Refers to the largest revenue producing magazine on which respondent works.

Branch/regional/category manager: total compensation

	Average	Average business	Average consumer
By region:			
Northeast	$86,520 (40)	$87,040 (20)	$86,000 (20)
South	81,900 (10)	94,250 (4)	73,667 (6)
North central	76,127 (22)	71,692 (13)	82,533 (9)
Western	84,950 (22)	92,933 (9)	79,423 (13)
By sex:			
Male	$83,971 (62)	$84,976 (34)	$82,750 (28)
Female	80,806 (32)	79,192 (13)	81,911 (19)
By age:			
29 or less	$65,869 (26)	$68,053 (15)	$62,891 (11)
30-39	81,276 (45)	78,473 (22)	83,957 (23)
40-49	97,033 (15)	92,083 (6)	100,333 (9)
50 or more	114,500 (9)	154,750 (4)	82,300 (5)
By years in ad sales:			
Up to 3	$59,929 (17)	$62,525 (12)	$53,700 (5)
4-10	80,294 (52)	83,619 (21)	78,042 (31)
11-20	85,400 (16)	75,933 (9)	97,571 (7)
More than 20	129,550 (10)	145,800 (5)	113,300 (5)
Employees supervised:			
None	$80,674 (50)	$81,991 (32)	$78,333 (18)
One	81,861 (18)	90,571 (7)	76,318 (11)
More than one	88,338 (26)	87,000 (7)	88,832 (19)
By ad revenue:†			
Up to $999,999	$68,500 (4)	$56,000 (2)	$81,000 (2)
$1 million-$2,999,999	69,817 (18)	72,392 (12)	64,667 (6)
$3 million-$7,999,999	71,348 (23)	73,250 (14)	68,389 (9)
$8 million-$19,999,999	91,595 (19)	93,188 (8)	90,436 (11)
$20 million or more	101,531 (16)	126,333 (3)	95,808 (13)
By ad pages:†			
Up to 499	$71,192 (13)	$67,400 (5)	$73,563 (8)
500-999	75,177 (30)	71,125 (16)	79,807 (14)
1,000 or more	92,146 (39)	92,826 (19)	91,500 (20)
By frequency:†			
Weekly/biweekly	$104,167 (21)	$105,333 (12)	$102,611 (9)
Monthly	77,367 (66)	77,932 (31)	76,866 (35)
Other	70,288 (8)	59,700 (4)	80,875 (4)
By circulation:†			
Up to 49,999	$58,419 (16)	$59,513 (15)	$42,000 (1)
50,000-99,999	90,952 (21)	100,281 (16)	61,100 (5)
100,000-499,999	80,565 (23)	86,708 (12)	73,864 (11)
500,000 or more	90,237 (35)	95,250 (4)	89,590 (31)

* Salary plus bonus/commission; excludes people receiving salary only.

† Refers to the largest revenue producing magazine on which respondent works.

> **"The editorial product is wonderful to sell. You always believe in what you're doing."**
>
> *—Ad sales manager in the South, working on a consumer monthly, earning approximately $75,000 in salary and bonus/commission.*

> **"There's freedom from home-office politics. And the h.o. leaves me alone to do my job."**
>
> —*Branch/regional/category manager in the Northeast, working on a business monthly, earning salary and bonus/commission in the mid fifties.*

Ad sales person: salary

	Average	Average business	Average consumer
By region:			
Northeast	$44,640 (42)	$43,450 (20)	$44,329 (21)
South	24,954 (19)	27,636 (11)	21,018 (7)
North central	36,750 (24)	37,989 (19)	27,550 (4)
Western	38,343 (24)	45,049 (11)	33,183 (12)
By sex:			
Male	$43,732 (51)	$43,828 (32)	$42,270 (16)
Female	32,818 (59)	33,719 (29)	32,255 (29)
By age:			
29 or less	$30,303 (45)	$30,802 (20)	$29,067 (24)
30-39	39,312 (43)	39,100 (28)	40,652 (14)
40-49	61,333 (9)	55,200 (5)	69,000 (4)
50 or more	43,321 (14)	48,833 (9)	23,000 (3)
By years in ad sales:			
Up to 3	$28,304 (42)	$29,002 (20)	$27,669 (22)
4-10	44,298 (48)	42,921 (28)	47,111 (18)
11-20	37,267 (12)	42,125 (8)	29,069 (3)
More than 20	50,538 (8)	52,300 (5)	33,900 (2)
Employees supervised:			
None	$37,599 (103)	$38,461 (56)	$36,237 (44)
One or more	47,000 (5)	47,000 (5)	0 (0)
By ad revenue:†			
Up to $999,999	$23,738 (21)	$25,600 (10)	$21,444 (9)
$1 million-$2,999,999	32,664 (21)	34,209 (16)	27,720 (5)
$3 million-$7,999,999	42,107 (31)	46,900 (20)	33,392 (11)
$8 million-$19,999,999	44,875 (12)	44,000 (6)	39,900 (5)
$20 million or more	61,375 (8)	47,667 (3)	69,600 (5)
By ad pages:†			
Up to 499	$33,988 (31)	$32,803 (16)	$36,129 (14)
500-999	41,146 (24)	47,692 (13)	29,250 (10)
1,000 or more	43,372 (35)	41,523 (22)	46,502 (13)
By frequency:†			
Weekly/biweekly	$36,169 (13)	$39,455 (11)	$18,100 (2)
Monthly	39,856 (80)	39,582 (43)	39,569 (35)
Other	30,369 (16)	36,288 (8)	24,657 (7)
By circulation:†			
Up to 49,999	$29,845 (29)	$34,682 (22)	$12,667 (6)
50,000-99,999	37,963 (23)	40,442 (20)	20,658 (2)
100,000-499,999	39,036 (36)	42,278 (18)	35,795 (18)
500,000 or more	46,280 (20)	46,750 (2)	46,228 (18)

† Refers to the largest revenue producing magazine on which respondent works.

Ad sales person: total compensation

	Average	Average business	Average consumer
By region:			
Northeast	$65,640 (40)	$62,725 (20)	$65,584 (19)
South	40,506 (17)	43,100 (10)	36,801 (7)
North central	55,546 (26)	56,326 (19)	53,000 (6)
Western	75,329 (24)	77,128 (12)	73,529 (12)
By sex:			
Male	$71,792 (52)	$71,576 (33)	$70,012 (17)
Female	52,275 (56)	49,401 (28)	55,149 (28)
By age:			
29 or less	$44,661 (44)	$44,688 (21)	$44,120 (22)
30-39	68,405 (44)	65,715 (27)	72,677 (17)
40-49	99,500 (8)	79,750 (4)	119,250 (4)
50 or more	72,823 (13)	77,050 (10)	25,600 (2)
By years in ad sales:			
Up to 3	$41,531 (39)	$42,844 (19)	$40,283 (20)
4-10	73,504 (51)	66,869 (29)	83,500 (21)
11-20	63,371 (10)	69,786 (7)	48,403 (3)
More than 20	82,313 (8)	83,917 (6)	30,000 (1)
Employees supervised:			
None	$61,516 (101)	$60,603 (56)	$61,235 (44)
One or more	73,800 (5)	73,800 (5)	0 (0)
By ad revenue:†			
Up to $999,999	$44,097 (19)	$43,240 (10)	$45,050 (9)
$1 million-$2,999,999	46,069 (21)	46,956 (15)	43,850 (6)
$3 million-$7,999,999	67,661 (31)	71,929 (21)	58,700 (10)
$8 million-$19,999,999	83,583 (12)	85,333 (6)	73,200 (5)
$20 million or more	103,188 (8)	89,333 (3)	111,500 (5)
By ad pages:†			
Up to 499	$48,874 (29)	$41,265 (16)	$58,238 (13)
500-999	63,102 (26)	70,750 (14)	47,741 (11)
1,000 or more	76,695 (36)	72,783 (23)	83,616 (13)
By frequency:†			
Weekly/biweekly	$71,679 (14)	$76,417 (12)	$43,250 (2)
Monthly	61,682 (78)	57,951 (42)	64,350 (35)
Other	54,460 (15)	56,413 (8)	52,229 (7)
By circulation:†			
Up to 49,999	$46,437 (26)	$52,424 (21)	$21,290 (5)
50,000-99,999	57,514 (24)	60,254 (21)	38,333 (3)
100,000-499,999	66,387 (37)	71,053 (19)	61,462 (18)
500,000 or more	76,163 (19)	86,000 (1)	75,617 (18)

* Salary plus bonus/commission; excludes people receiving salary only.

† Refers to the largest revenue producing magazine on which respondent works.

"The thrill of having a prospective client see my way and run a full program in my book, not in the competitor's, is tremendous."

—Branch/regional/category manager in the Northeast, with almost 10 years' experience, earning salary and bonus/commission in the high nineties.

"The never-ending challenge of managing 10 very different individuals, all focusing on a common goal, makes the days just fly by."

—Branch/regional/category manager in the West, working on a consumer weekly, earning salary and bonus/commission in the mid eighties.

Average annual bonus/commission

	Ad sales director	Ad sales manager	Branch/ regional manager	Ad sales person
By magazine type:				
Consumer	$24,358 (39)	$26,391 (56)	$26,969 (48)	$27,254 (45)
Business	33,782 (52)	27,748 (48)	36,138 (47)	24,353 (62)
By region:				
Northeast	$30,162 (37)	$30,958 (43)	$34,850 ([illegible])	$22,588 (40)
South	17,951 (17)	18,414 (14)	29,400 (10)	16,411 (17)
North central	15,500 (15)	19,219 (16)	27,409 (22)	21,623 (26)
Western	40,498 (20)	29,461 (31)	31,568 (22)	39,902 (24)
By sex:				
Male	$33,229 (63)	$29,858 (55)	$30,339 (62)	$32,417 (52)
Female	21,040 (29)	23,592 (50)	34,625 (32)	19,565 (56)
By age:				
29 or less	$19,611 (9)	$22,738 (29)	$23,865 (26)	$14,897 (44)
30-39	29,168 (49)	25,370 (46)	28,089 (45)	32,156 (44)
40-49	19,440 (19)	31,579 (19)	39,933 (15)	38,625 (8)
50 or more	48,567 (15)	35,944 (11)	56,611 (9)	31,769 (13)
By years in ad sales:				
Up to 3	$11,200 (10)	$16,533 (18)	$21,765 (17)	$13,498 (39)
4-10	23,249 (39)	26,669 (58)	29,163 (52)	32,871 (51)
11-20	32,422 (33)	27,211 (19)	30,125 (16)	27,450 (10)
More than 20	61,818 (11)	46,038 (10)	62,450 (10)	38,000 (8)
Employees supervised:				
None	$12,143 (7)	$28,995 (22)	$33,250 (50)	$26,016(101)
One	41,667 (3)	17,640 (20)	30,056 (18)	18,000 (3)
2-5	23,083 (33)	27,958 (45)	30,023 (22)	40,000 (2)
6-10	31,222 (28)	34,357 (14)	17,000 (2)	0 (0)
More than 10	35,603 (21)	23,000 (4)	42,500 (2)	0 (0)
By ad revenue:†				
Up to $999,999	$13,679 (21)	$25,760 (18)	$18,750 (4)	$21,308 (19)
$1 million-$2,999,999	17,408 (25)	14,441 (34)	24,083 (18)	15,381 (21)
$3 million-$4,999,999	41,304 (17)	47,583 (6)	22,962 (13)	29,008 (22)
$5 million-$7,999,999	19,000 (5)	25,278 (9)	34,850 (10)	32,922 (9)
$8 million-$19,999,999	36,846 (13)	30,009 (11)	34,763 (19)	38,708 (12)
$20 million or more	64,500 (10)	46,583 (12)	35,594 (16)	41,813 (8)
By ad pages:†				
Up to 200	$14,083 (6)	$ 9,589 (9)	$32,600 (5)	$10,417 (12)
201-499	20,950 (21)	18,647 (17)	16,625 (8)	19,265 (17)
500-999	30,452 (28)	21,734 (32)	27,817 (30)	27,621 (26)
1,000 or more	38,800 (30)	36,015 (31)	34,846 (39)	34,527 (36)
By frequency:†				
Weekly/biweekly	$37,114 (19)	$31,655 (16)	$50,833 (21)	$38,093 (14)
Monthly	32,116 (56)	27,817 (75)	26,636 (66)	23,988 (78)
Other	15,747 (16)	10,692 (13)	20,938 (8)	24,667 (15)
By circulation:†				
Up to 49,999	$21,393 (36)	$13,524 (25)	$16,625 (16)	$16,379 (26)
50,000-99,999	22,125 (14)	33,988 (17)	41,548 (21)	22,091 (24)
100,000-499,999	40,285 (27)	28,971 (38)	35,304 (23)	32,535 (37)
500,000 or more	44,077 (13)	29,348 (23)	29,786 (35)	28,895 (19)

Ad page leaders

Magazine	1990 Pages	1989 Pages	% Change
Business Week	4,407.02	4,914.15	-10.3
Forbes	3,939.25	3,905.84	+ 0.9
People Weekly	3,625.78	3,770.81	- 3.8
Fortune	3,360.17	3,775.00	-11.0
Bride's	3,172.57	3,358.86	- 5.5
TV Guide	2,966.02	3,255.13	- 8.9
Vogue	2,965.86	3,321.86	-10.7
Time	2,727.93	2,733.86	- 0.2
Sports Illustrated	2,672.38	2,981.90	-10.4
New York Magazine	2,657.54	3,094.86	-14.1
Economist	2,643.82	2,355.00	+12.3
Modern Bride	2,576.13	2,491.71	+ 3.4
New Yorker	2,456.31	2,411.73	+ 1.8
Newsweek	2,302.04	2,495.29	- 7.7
Elle	2,297.51	2,321.53	- 1.0
Cosmopolitan	2,156.41	2,352.25	- 8.3
GQ	2,030.57	2,231.04	- 9.0
U.S. News & World Report	2,010.93	2,053.17	- 2.1
Entrepreneur	2,004.44	1,758.47	+14.0
Rolling Stone	1,990.08	1,964.79	+ 1.3
Glamour	1,855.21	1,959.53	- 5.3
Architectural Digest	1,820.97	1,892.32	- 3.8
American Way	1,780.00	1,896.71	- 6.2
Good Housekeeping	1,740.43	1,702.03	+ 2.3
Family Circle	1,684.85	2,018.81	-16.5
Yachting	1,623.93	1,657.99	- 2.1
Town & Country	1,605.97	1,665.58	- 3.6
Ladies' Home Journal	1,532.25	1,616.16	- 5.2
Mademoiselle	1,494.93	1,649.46	- 9.4
Parents Magazine	1,487.01	1,544.02	- 3.7
Sunset	1,474.24	1,503.31	- 1.9
Vanity Fair	1,472.54	1,487.42	- 1.0
Skin Diver	1,450.92	1,362.22	+ 6.5
Harper's Bazaar	1,426.03	1,454.78	- 2.0
Travel & Leisure	1,419.86	1,516.23	- 6.4
Woman's Day	1,408.12	1,790.38	-21.4
Texas Monthly	1,404.09	1,373.67	+ 2.2
W	1,352.99	1,531.03	-11.6
Gourmet	1,332.83	1,315.43	+ 1.3
Popular Photography	1,296.00	1,101.29	+17.7
Golf Digest	1,287.91	1,333.07	- 3.4
Car & Driver	1,283.36	1,302.28	- 1.5
Muscle & Fitness	1,272.44	1,506.50	-15.5
Better Homes and Gardens	1,266.98	1,428.68	-11.3
Self	1,259.70	1,347.88	- 6.5
Southern Living	1,252.86	1,330.00	- 5.8
Esquire	1,240.70	1,331.10	- 6.8
San Francisco Focus	1,214.47	1,298.32	- 6.5
Seventeen	1,206.21	1,331.70	- 9.4
Redbook	1,205.60	1,250.80	- 3.6

Overall, ad pages for 1990 are down by 3.7 percent for PIB-measured magazines, from 178,293.86 in 1989 to 171,689.08 in 1990. Among the 50 ad leaders for the year, nearly 80 percent carried fewer ad pages, with just 11 magazines in the top 50 running more advertising pages in 1990 over the previous year.

Publishers Information Bureau

Ad revenue leaders

Magazine	1990 Dollars	1989 Dollars	% Change
Time	381,852,410	373,385,017	+ 2.3
People Weekly	345,791,839	326,203,199	+ 6.0
Sports Illustrated	335,690,172	336,671,529	- 0.3
TV Guide	320,308,116	322,985,623	- 0.8
Newsweek	253,253,187	255,918,694	- 1.0
Business Week	245,886,035	260,575,042	- 5.6
Forbes	169,455,846	157,696,946	+ 7.5
Good Housekeeping	163,240,991	148,033,344	+10.3
Fortune	161,774,642	167,284,538	- 3.3
U.S. News & World Report	159,338,356	152,843,252	+ 4.2
Better Homes and Gardens	143,544,885	152,436,109	- 5.8
Family Circle	137,273,222	153,208,684	-10.4
Cosmopolitan	129,913,724	125,711,842	+ 3.3
Ladies' Home Journal	109,404,461	104,742,667	+ 4.5
Reader's Digest	108,592,492	113,644,537	- 4.4
Vogue	108,081,835	101,001,807	+ 7.0
Woman's Day	99,101,166	135,632,500	-26.9
Glamour	94,877,938	88,833,183	+ 6.8
Rolling Stone	76,037,112	71,093,073	+ 7.0
Money	75,779,599	79,668,320	- 4.9
Redbook	75,689,905	75,031,696	+ 0.9
McCall's	73,433,029	74,798,588	- 1.8
Elle	67,721,832	62,648,418	+ 8.1
Golf Digest	66,702,279	63,995,011	+ 4.2
Southern Living	63,930,677	61,224,697	+ 4.4
New Yorker	61,232,176	54,061,057	+13.3
Parents Magazine	59,636,244	60,344,516	- 1.2
Travel & Leisure	58,631,236	53,342,754	+ 9.9
Bride's	56,176,029	55,280,547	+ 1.6
Modern Maturity	51,254,738	47,455,205	+ 8.0
Vanity Fair	49,894,916	41,616,840	+19.9
Car and Driver	49,674,355	54,303,468	- 8.5
GQ	49,573,439	49,899,443	- 0.7
Mademoiselle	48,951,987	48,697,898	+ 0.5
Architectural Digest	48,183,194	46,049,915	+ 4.6
Inc.	48,085,758	46,642,250	+ 3.1
Playboy	47,814,982	46,503,864	+ 2.8
Self	46,849,170	42,326,178	+10.7
Sunset	45,916,902	44,372,483	+ 3.5
Life	45,883,293	56,846,163	-19.3
Country Living	44,414,547	42,604,156	+ 4.2
New York Magazine	43,434,140	47,430,625	- 8.4
Modern Bride	41,107,014	38,456,726	+ 6.9
Smithsonian	40,994,931	43,766,044	- 6.3
Esquire	39.414,127	38,016,280	+ 3.7
Town & Country	39,218,588	36,280,310	+ 8.1
National Geographic	38,473,200	35,251,293	+ 9.1
Ebony	37,716,243	38,011,050	- 0.8
Golf	37,554,994	32,795,183	+14.5
Harper's Bazaar	37,433,759	35,959,923	+ 4.1

Although 1990 advertising pages are down from 1989 pages, ad revenue is up 1.9 percent, from $6,629,919,623 to $6,753,356,745 for the PIB-measured magazines. Of the revenue leaders above, 64 percent report higher ad dollars in 1990 as compared to the year before.

Source: Publishers Information Bureau

Editorial salary survey

Incentive compensation a big factor for editorial management; women continue slow—but steady—progress toward pay levels of men

The positives that editorial professionals cite about their work are "freedom," "creativity," "responding to readers' needs," "seeing my work in print."

Balancing those positives, respondents to FOLIO:'s annual survey of editorial compensation are quick to point out, is the high stress that seems endemic to the profession. Stress, they note, comes from many sources—deadlines, tight budgets, long hours, the creative tension of a blank screen or page.

In the end, though, when the magazine is printed, it all seems worth it. And it's increasingly worth it economically as well for those whose talents and energy enable them to demonstrate their value to their publications. This survey indicates how that talent and energy is rewarded by detailing compensation patterns for five job categories of editorial professionals. Here are some important findings.

- Editorial professionals at business publications earn larger salaries than those at consumer magazines in most categories. But total compensation for those who receive bonuses is higher at consumer magazines.
- Women earn between 82 percent and 95 percent what men earn, on both a salary and total compensation basis, in all categories except editor, continuing the slow but steady progress toward equal pay seen in earlier surveys.
- The size of the staff an editorial professional supervises has the clearest and strongest correlation to pay in all categories except senior/associate editor.
- Incentive compensation is a significant factor in the pay of editorial management and editors; and in those categories, bonus-eligible employees earn larger salaries than those who aren't eligible.
- Most editorial professionals work on only one magazine—and those who work on more than one magazine are paid *less*, possibly reflecting the smaller size of their multiple publications.

By Robert M. Steed

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METHODOLOGY

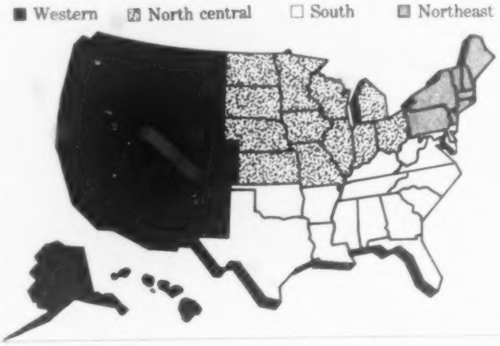
Five hundred ninety-nine of the 1,427 editorial professionals who received questionnaires responded to FOLIO:'s annual editorial salary survey, resulting in an overall response rate of 42 percent. Of the total responses, 582 (41 percent) contained sufficient information to be used for tabulation. For the survey, participants were asked to supply data reflecting 1991 earnings; if exact figures were unavailable, they were requested to estimate.

The sample was evenly divided among the five categories of editorial professionals. Each category was also evenly divided between consumer and business publications. About 65 percent of the sample was drawn from magazines with under 100,000 in circulation, while 35 percent came from magazines with over 100,000 in circulation.

Response rates were reasonably similar among all categories, except for art directors, where the rate was 28 percent. Response rates were higher among business magazines than consumer magazines, and often substantially higher for larger circulation publications.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here, the mean was used for tabulation.

The regions have been divided as follows:



Editorial management

	Average	Average business	Average consumer
By region:			
Northeast	$67,475 (40)	$73,619 (25)	$57,233 (15)
South	57,008 (24)	57,554 (13)	56,364 (11)
North central	59,421 (29)	61,589 (18)	55,873 (11)
West	50,417 (23)	67,857 (7)	42,788 (16)
By sex:			
Male	$63,146 (75)	$68,552 (44)	$55,474 (31)
Female	54,000 (41)	60,842 (19)	48,091 (22)
By years in editorial:			
Up to 3	$46,143 (7)	$ 0 (0)	$46,143 (7)
4-10	52,425 (40)	62,475 (20)	42,375 (20)
11-20	64,602 (51)	67,410 (28)	61,183 (23)
More than 20	69,241 (17)	69,793 (14)	66,667 (3)
By age:			
29 or less	$45,200 (5)	$52,500 (2)	$40,333 (3)
30-39	57,231 (38)	66,068 (16)	50,805 (22)
40-49	61,605 (42)	65,058 (24)	57,000 (18)
50 or more	63,284 (31)	68,990 (21)	51,300 (10)
Eligible for bonus:			
Yes	$64,249 (59)	$64,961 (34)	$63,280 (25)
No	55,426 (57)	67,710 (29)	42,704 (28)
Responsible for:			
One magazine	$63,566 (60)	$67,057 (35)	$58,680 (25)
More than one	56,213 (48)	66,521 (24)	45,904 (24)
By editorial personnel supervised:			
None	$37,429 (7)	$44,667 (3)	$32,000 (4)
One	49,727 (11)	59,200 (5)	41,833 (6)
2-5	51,258 (53)	56,592 (27)	45,719 (26)
6-10	69,024 (29)	68,856 (16)	69,231 (13)
More than 10	88,913 (16)	92,717 (12)	77,500 (4)
By circulation:*			
Up to 19,999	$ 50,083 (24)	$ 59,781 (16)	$30,688 (8)
20,000-49,999	56,161 (31)	66,111 (18)	42,385 (13)
50,000-99,999	50,295 (22)	59,043 (7)	46,213 (15)
100,000-499,999	67,733 (30)	70,262 (19)	63,364 (11)
500,000 or more	102,063 (8)	112,750 (2)	98,500 (6)
By frequency:*			
Weekly/biweekly	$74,962 (13)	$81,350 (10)	$53,667 (3)
Monthly	59,278 (64)	64,438 (39)	51,228 (25)
Other	55,941 (39)	60,407 (14)	53,440 (25)
By average editorial pages:*			
Up to 499	$54,706 (52)	$57,796 (24)	$52,057 (28)
500-999	56,976 (38)	64,860 (18)	49,880 (20)
1,000-1,499	67,744 (9)	67,744 (9)	0 (0)
1,500-2,999	90,333 (12)	90,444 (9)	90,000 (3)

*Refers to the largest circulation magazine on which respondent works.

Editorial managers who supervise a staff of more than 10 earn almost 2.4 times as much in salary, and four times as much in total compensation, as those who are not supervisors.

The disparity between compensation of men and women is largest in the editor category. Women's salaries average 74 percent of men's, and their total compensation is only 62 percent of their male counterparts'.

Editor

	Average	Average business	Average consumer
By region:			
Northeast	$55,309 (49)	$56,257 (30)	$55,800 (18)
South	41,604 (28)	40,283 (18)	43,980 (10)
North central	44,168 (37)	49,300 (22)	36,640 (15)
West	37,778 (18)	38,600 (5)	37,462 (13)
By sex:			
Male	$52,934 (76)	$56,147 (45)	$49,280 (30)
Female	39,122 (59)	39,494 (32)	38,681 (27)
By years in editorial:			
Up to 3	$28,309 (22)	$32,655 (11)	$24,560 (10)
4-10	42,897 (57)	43,495 (33)	42,075 (24)
11-20	57,802 (44)	61,256 (27)	52,318 (17)
More than 20	63,000 (10)	58,400 (5)	67,600 (5)
By age:			
29 or less	$30,954 (26)	$26,125 (12)	$35,093 (14)
30-39	44,050 (61)	47,538 (37)	39,570 (23)
40-49	58,894 (34)	62,190 (21)	53,569 (13)
50 or more	59,786 (14)	58,857 (7)	60,714 (7)
Eligible for bonus:			
Yes	$51,510 (50)	$50,891 (23)	$52,037 (27)
No	44,185 (85)	48,517 (54)	37,260 (30)
Responsible for:			
One magazine	$49,030 (97)	$50,730 (57)	$46,608 (40)
More than one	41,456 (38)	44,941 (20)	38,735 (17)
By editorial personnel supervised:			
None	$31,629 (21)	$32,030 (10)	$31,264 (11)
One	37,762 (21)	40,767 (15)	32,700 (5)
2-5	43,265 (70)	45,179 (37)	41,118 (33)
6-10	68,889 (9)	74,500 (6)	57,667 (3)
More than 10	87,536 (14)	82,222 (9)	97,100 (5)
By circulation:*			
Up to 19,999	$38,979 (28)	$40,454 (26)	$19,800 (2)
20,000-49,999	38,015 (34)	44,389 (18)	30,844 (16)
50,000-99,999	49,024 (26)	47,094 (13)	50,954 (13)
100,000-499,999	54,242 (38)	67,744 (18)	43,358 (19)
500,000 or more	72,938 (8)	80,000 (1)	71,929 (7)
By frequency:*			
Weekly/biweekly	$68,875 (16)	$66,455 (11)	$74,200 (5)
Monthly	46,550 (73)	47,765 (42)	44,903 (31)
Other	39,807 (46)	43,888 (24)	36,181 (21)
By average editorial pages:*			
Up to 499	$40,669 (55)	$43,182 (34)	$37,530 (20)
500-999	46,475 (51)	48,061 (28)	44,543 (23)
1,000-1,499	54,955 (11)	57,438 (8)	48,333 (3)
1,500-2,999	68,075 (12)	80,750 (4)	61,738 (8)

*Refers to the largest circulation magazine on which respondent works.

Managing editor

	Average	Average business	Average consumer
By region:			
Northeast	$42,664 (41)	$44,570 (23)	$40,228 (18)
South	33,583 (33)	36,187 (20)	29,577 (13)
North central	35,322 (23)	38,275 (16)	28,571 (7)
West	37,722 (37)	37,917 (12)	37,629 (25)
By sex:			
Male	$41,226 (56)	$44,349 (30)	$37,623 (26)
Female	35,345 (78)	36,239 (41)	34,355 (37)
By years in editorial:			
Up to 3	$24,182 (22)	$28,700 (5)	$22,853 (17)
4-10	34,524 (58)	35,417 (33)	33,344 (25)
11-20	47,884 (40)	44,671 (23)	52,230 (17)
More than 20	45,973 (13)	47,653 (10)	40,373 (3)
By age:			
29 or less	$30,400 (35)	$32,692 (13)	$29,045 (22)
30-39	38,476 (50)	38,407 (28)	38,564 (22)
40-49	43,624 (36)	44,577 (20)	42,433 (16)
50 or more	39,023 (13)	42,430 (10)	27,667 (3)
Eligible for bonus:			
Yes	$35,351 (45)	$41,946 (17)	$31,347 (28)
No	39,042 (89)	38,947 (54)	39,189 (35)
Responsible for:			
One magazine	$39,760 (96)	$41,044 (53)	$38,177 (43)
More than one	32,809 (36)	35,408 (17)	30,484 (19)
By editorial personnel supervised:			
None	$26,547 (21)	$32,943 (9)	$21,750 (12)
One	31,461 (16)	32,888 (10)	29,083 (6)
2-5	37,028 (68)	39,548 (35)	34,355 (33)
6-10	48,925 (21)	48,414 (14)	49,946 (7)
More than 10	57,425 (8)	42,967 (3)	66,100 (5)
By circulation:*			
Up to 19,999	$28,945 (19)	$30,935 (16)	$18,333 (3)
20,000-49,999	33,039 (33)	37,411 (19)	27,107 (14)
50,000-99,999	31,718 (18)	37,288 (8)	27,262 (10)
100,000-499,999	42,419 (52)	46,266 (27)	38,264 (25)
500,000 or more	57,282 (11)	63,000 (1)	56,710 (10)
By frequency:*			
Weekly/biweekly	$46,895 (20)	$52,167 (9)	$42,583 (11)
Monthly	37,340 (79)	39,458 (47)	34,229 (32)
Other	33,652 (35)	32,814 (15)	34,280 (20)
By average editorial pages:*			
Up to 499	$33,528 (40)	$37,916 (18)	$29,938 (22)
500-999	37,588 (47)	39,498 (30)	34,218 (17)
1,000-1,499	39,300 (16)	37,633 (6)	40,300 (10)
1,500-2,999	44,175 (20)	46,313 (8)	42,750 (12)

*Refers to the largest circulation magazine on which respondent works.

Sixty-six percent of the managing editors do not receive bonuses—but their salaries are 10 percent higher than the 33 percent of managing editors who do receive bonuses.

Demographics play less of a role in determining salary at the senior/associate editor level than they do at other editorial levels.

Senior/associate editor

	Average	Average business	Average consumer
By region:			
Northeast	$40,302 (55)	$36,329 (30)	$45,073 (24)
South	34,793 (15)	33,089 (9)	37,350 (6)
North central	33,395 (26)	34,800 (20)	29,054 (5)
West	30,711 (19)	30,038 (8)	31,200 (11)
By sex:			
Male	$38,491 (64)	$37,547 (36)	$39,509 (27)
Female	33,859 (51)	31,363 (31)	38,293 (19)
By years in editorial:			
Up to 3	$28,140 (32)	$27,594 (18)	$28,841 (14)
4-10	38,368 (59)	34,125 (34)	44,852 (24)
11-20	42,006 (17)	42,209 (10)	41,729 (7)
More than 20	44,571 (7)	49,000 (5)	22,000 (1)
By age:			
29 or less	$29,291 (32)	$28,861 (23)	$30,813 (8)
30-39	38,921 (56)	35,412 (25)	41,751 (31)
40-49	37,447 (15)	37,636 (10)	37,070 (5)
50 or more	42,642 (12)	44,278 (9)	34,100 (2)
Eligible for bonus:			
Yes	$37,310 (40)	$36,268 (22)	$38,906 (16)
No	35,972 (75)	33,912 (45)	39,061 (30)
Responsible for:			
One magazine	$37,395 (92)	$34,840 (57)	$41,895 (33)
More than one	32,723 (22)	34,233 (9)	31,677 (13)
By editorial personnel supervised:			
None	$32,964 (65)	$32,244 (40)	$34,411 (24)
One	36,293 (14)	35,918 (11)	37,667 (3)
2-5	41,168 (33)	39,944 (16)	42,153 (16)
More than 5	60,333 (3)	0 (0)	60,333 (3)
By circulation:*			
Up to 19,999	$30,880 (10)	$32,533 (9)	$16,000 (1)
20,000-49,999	27,380 (24)	28,515 (17)	24,624 (7)
50,000-99,999	31,005 (22)	32,006 (17)	27,600 (5)
100,000-499,999	39,606 (39)	41,062 (21)	38,550 (17)
500,000 or more	49,880 (20)	46,667 (3)	50,788 (16)
By frequency:*			
Weekly/biweekly	$38,875 (20)	$36,207 (14)	$45,100 (6)
Monthly	36,954 (71)	34,999 (41)	39,884 (28)
Other	32,878 (24)	31,842 (12)	33,914 (12)
By magazine type:			
Consumer	$39,007 (46)	$ 0 (0)	$39,007 (46)
Business	34,686 (67)	34,686 (67)	0 (0)
By average editorial pages:*			
Up to 499	$34,148 (37)	$34,180 (25)	$34,081 (12)
500-999	34,297 (31)	30,624 (15)	38,457 (15)
1,000-1,499	39,700 (10)	38,357 (7)	42,833 (3)
1,500-2,999	41,765 (20)	37,990 (10)	45,540 (10)

*Refers to the largest circulation magazine on which respondent works.

Art director

	Average	Average business	Average consumer
By region:			
Northeast	$47,979 (24)	$44,500 (10)	$49,577 (13)
South	34,021 (24)	29,167 (12)	38,875 (12)
North central	36,243 (14)	39,957 (7)	32,529 (7)
West	39,825 (20)	34,556 (9)	44,136 (11)
By sex:			
Male	$43,885 (39)	$42,667 (15)	$44,646 (24)
Female	36,509 (44)	32,422 (23)	39,935 (20)
By years in editorial:			
Up to 3	$28,513 (16)	$23,857 (7)	$32,133 (9)
4-10	40,100 (37)	37,235 (20)	42,313 (16)
11-20	44,714 (21)	49,000 (8)	42,077 (13)
More than 20	56,000 (6)	31,000 (2)	68,500 (4)
By age:			
29 or less	$27,462 (21)	$26,050 (14)	$30,286 (7)
30-39	42,102 (41)	41,346 (13)	41,730 (27)
40-49	50,353 (17)	47,056 (9)	54,063 (8)
50 or more	39,750 (4)	30,000 (2)	49,500 (2)
Eligible for bonus:			
Yes	$39,277 (44)	$36,026 (19)	$40,904 (24)
No	40,762 (39)	36,905 (19)	44,425 (20)
Responsible for:			
One magazine	$43,420 (41)	$37,247 (17)	$47,792 (24)
More than one	35,993 (41)	35,833 (21)	36,160 (20)
By design/art personnel supervised:			
None	$33,878 (23)	$33,680 (15)	$34,250 (8)
One	33,271 (21)	31,750 (10)	34,655 (11)
2-5	45,182 (33)	42,545 (11)	45,762 (21)
More than 5	58,167 (6)	47,500 (2)	63,500 (4)
By circulation:*			
Up to 19,999	$30,889 (9)	$28,857 (7)	$38,000 (2)
20,000-49,999	32,057 (21)	34,964 (14)	26,243 (7)
50,000-99,999	33,400 (13)	33,029 (7)	33,833 (6)
100,000-499,999	42,907 (27)	40,625 (8)	43,868 (19)
500,000 or more	63,800 (10)	90,000 (1)	60,750 (8)
By frequency:*			
Weekly/biweekly	$49,750 (8)	$56,750 (4)	$36,333 (3)
Monthly	39,498 (54)	34,563 (27)	44,433 (27)
Other	36,950 (20)	32,214 (7)	39,500 (13)
By magazine type:			
Consumer	$42,505 (44)	$ 0 (0)	$42,505 (44)
Business	36,466 (38)	36,466 (38)	0 (0)
By average editorial pages:*			
Up to 499	$35,767 (27)	$26,800 (9)	$38,971 (17)
500-999	43,037 (27)	36,536 (14)	50,038 (13)
1,000-1,499	42,318 (11)	35,500 (6)	56,500 (5)
1,500-2,999	38,856 (9)	49,333 (3)	33,617 (6)

*Refers to the largest circulation magazine on which respondent works.

Art directors are more likely than other editorial professionals to work on more than one magazine. But they earn 21 percent less than those who work on only one.

The ratio of editorial professionals receiving bonuses this year, compared with last year, declined in all categories except art director.

Average annual total compensation

	Editorial management	Editor	Managing editor	Senior/ associate editor	Art director
Received bonus/incentive:					
Yes	$74,316 (53)	$54,361 (49)	$37,212 (44)	$39,373 (36)	$42,025 (32)
No	55,426 (57)	44,185 (85)	39,042 (89)	35,972 (75)	40,762 (39)
By magazine type:					
Consumer	$74,217 (21)	$55,349 (26)	$32,937 (27)	$40,714 (13)	$42,009 (20)
Business	74,381 (32)	53,243 (23)	44,002 (17)	38,771 (21)	39,720 (11
By region:					
Northeast	$78,375 (15)	$68,403 (22)	$45,992 (10)	$43,198 (21)	$55,360 (5)
South	76,022 (9)	52,354 (8)	30,406 (14)	27,000 (2)	39,263 (10)
North central	77,700 (18)	36,678 (10)	44,050 (4)	35,694 (9)	40,700 (7)
West	61,845 (11)	39,886 (7)	35,970 (16)	33,758 (4)	38,131 (9)
By sex:					
Male	$79,548 (33)	$63,712 (30)	$45,365 (17)	$40,082 (22)	$43,475 (15)
Female	65,683 (20)	39,596 (19)	32,078 (27)	38,260 (14)	40,746 (17)
By years in editorial:					
Up to 3	$75,433 (3)	$33,425 (6)	$24,998 (10)	$34,788 (8)	$32,967 (3)
4-10	72,008 (18)	47,907 (24)	33,331 (17)	39,571 (21)	40,941 (17)
11-20	77,608 (24)	66,657 (15)	53,399 (13)	49,350 (4)	48,297 (8)
More than 20	69,213 (8)	87,500 (3)	35,891 (3)	36,911 (3)	44,008 (3)
By age:					
29 or less	$40,100 (3)	$40,307 (11)	$33,398 (12)	$33,496 (12)	$32,975 (4)
30-39	81,212 (20)	49,055 (21)	37,051 (15)	43,013 (20)	43,005 (19)
40-49	71,361 (18)	67,741 (13)	40,140 (16)	0 (0)	41,686 (7)
50 or more	75,808 (12)	77,375 (4)	38,528 (1)	38,808 (4)	52,000 (2)
Responsible for:					
One magazine	$81,749 (25)	$58,382 (33)	$42,544 (27)	$41,085 (31)	$42,008 (12)
More than one	66,776 (25)	46,067 (16)	28,743 (17)	28,760 (5)	40,684 (19)
By employees supervised:*					
None	$ 25,483 (3)	$ 35,992 (9)	$26,292 (6)	$34,440 (21)	$40,214 (7)
One	48,167 (3)	40,932 (7)	28,713 (4)	40,800 (2)	31,543 (7)
2-5	69,673 (23)	44,511 (20)	37,183 (24)	44,175 (12)	44,853 (17)
6-10	78,014 (14)	71,100 (5)	47,232 (10)	0 (0)	0 (0)
More than 10	102,310 (10)	100,938 (8)	0 (0)	82,500 (1)	80,000 (1)
By circulation:†					
Up to 19,999	$ 70,050 (9)	$47,856 (4)	$26,121 (5)	$20,500 (1)	$35,100 (3)
20,000-49,999	71,008 (12)	36,645 (13)	33,913 (10)	31,631 (6)	29,446 (6)
50,000-99,999	60,740 (10)	59,804 (8)	28,399 (8)	35,917 (9)	38,175 (4)
100,000-499,999	68,485 (15)	59,597 (17)	41,993 (16)	39,000 (14)	43,679 (13)
500,000 or more	117,357 (7)	79,342 (6)	53,700 (5)	56,317 (6)	58,540 (5)
By frequency:†					
Weekly/biweekly	$102,583 (6)	$81,071 (7)	$49,809 (7)	$38,461 (9)	$52,469 (4)
Monthly	68,544 (36)	53,591 (26)	34,433 (25)	39,708 (23)	40,147 (22)
Other	77,786 (11)	43,926 (16)	35,652 (12)	39,500 (4)	40,420 (5)
By average editorial pages:†					
Up to 499	$ 66,440 (21)	$42,731 (19)	$34,916 (17)	$40,113 (8)	$44,997 (8)
500-999	63,399 (17)	54,173 (17)	39,761 (9)	37,081 (9)	46,445 (11)
1,000-1,499	74,840 (5)	46,892 (6)	38,379 (7)	40,180 (5)	32,705 (5)
1,500-2,999	119,250 (8)	92,786 (7)	40,106 (9)	46,550 (7)	38,486 (7)